Rano Community Trust Limited

Financial Statements
For the Year Ended 31 July 2020

Rano Community Trust Limited

Financial Statements

For the Year Ended 31 July 2020

Contents	**Page**

Rano Community Trust Limited

Financial Statements

For the Year Ended 31 July 2020

Directory

Registered office	46 Toscana Drive Karaka Papakura
Nature of business	Rano Community Trust Limited generates funds for its Authorised Purpose by operating gaming machines primarily to support the wider communities in New Zealand
Directors	Satnam Bains Harshjyot Singh Gail Tagaloa Yun Ma
Company number	5868729
Independent auditor	RSM Hayes Audit Level 1, 1 Broadway Newmarket Auckland
Bankers	Bank of New Zealand
Solicitors	True Legal Hamilton

Directors' Report and Statement of Responsibility

Directors' Report

The Directors of Rano Community Trust Limited ("The Company") present this Annual Report, being the financial statements of the Company for the financial year ended 31 July 2020, and the independent auditor's report thereon.

The shareholders of the Company have exercised their right under section 211(3) of the Companies Act 1993, whereby pursuant to a decision of the shareholders of the Company who together hold at least 95% of the voting shares, they have agreed not to comply with the paragraphs (a) and (e) to (j) of section 211(1) or section 211(2) of the Act.

Statement of Responsibility

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information.

The independent external auditors, RSM Hayes Audit, have audited the financial statements and their report appears on pages 3 to 4.

The Directors are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements.

Appropriate systems of internal control have been employed to ensure that all transactions have been executed in accordance with authority and correctly processed and accounted for in the financial records. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements are prepared on a going concern basis. Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern in the foreseeable future. Please see Note 2(e) for further information.

In the opinion of the Directors

The Statement of Comprehensive Revenue and Expenses is drawn up so as to present fairly, in all material respects of the Company for the financial year ended 31 July 2020.

The Statement of Financial Position is drawn up so as to fairly state the affairs of the Company as at 31 July 2020.

The Statement of Cash Flows is drawn up to present fairly, in all material respects the cash flows of the Company for the financial year ended 31 July 2020.

There are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

For and on behalf of the Directors:

Chairperson	27/10/2020 **Date**
Director	27/10/2020 **Date**

Independent Auditor's Report

RSM Hayes Audit
PO Box 9588
Newmarket, Auckland 1149
Level 1, 1 Broadway
Newmarket, Auckland 1023
T +64 (9) 367 1656
www.rsmnz.co.nz

To the shareholders of Rano Community Trust Incorporated

Opinion

We have audited the financial statements of Rano Community Trust Incorporated, which comprise:

- the statement of financial position as at 31 July 2020;
- the statement of comprehensive revenue and expenses for the year then ended;
- the statement of changes in net assets/equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

In our opinion, the accompanying financial statements on pages 5 to 16 present fairly, in all material respects, the financial position of Rano Community Trust Incorporated, as at 31 July 2020, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of Rano Community Trust Incorporated in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Rano Community Trust Incorporated.

Responsibilities of the Directors for the financial statements

The Directors are responsible, on behalf of Rano Community Trust Incorporated, for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the executive committee members are responsible, on behalf of the Rano Community Trust Incorporated, for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements. A further description of the auditor’s responsibilities for the audit of the financial statements is located at the XRB’s website at:

https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page8.aspx

Who we report to

This report is made solely to the Trust and its shareholders as a body. Our audit has been undertaken so that we might state to the Trust and its shareholders those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Rano Community Trust Incorporated and the Trust and its shareholders as a body, for our work, for this report, or for the opinions we have formed.

RSM

RSM Hayes Audit
Auckland

28 October 2020

Rano Community Trust Limited

Financial Statements

As at 31 July 2020

Statement of Financial Position

	Note	2020	2019
		$	$
Current Assets			
Cash and cash equivalents	7	1,001,664	193,483
Receivables from exchange transactions	8	112,301	28,692
Total Current Assets		**1,113,965**	**222,175**
Non-Current Assets			
Property plant and equipment	10	1,134,372	713,077
Total Non-Current Assets		**1,134,372**	**713,077**
Total Assets		**2,248,337**	**935,252**
Current Liabilities			
Loan Facility - secured	11	708,636	304,201
Trade and other payables	14	746,432	270,381
Total Current Liabilities		**1,455,068**	**574,582**
Non-Current Liabilities			
Loan Facility - secured	11	562,974	360,656
Total Non-Current Liabilities		**562,974**	**360,656**
Total Liabilities		**2,018,042**	**935,237**
Total Net Assets		**230,295**	**14**
Net assets			
Accumulated comprehensive revenue and expense		230,295	14
Total net assets attribution		**230,295**	**14**

27/10/2020

Chairperson **Date**

27/10/2020

Director **Date**

RSM

Statement of Comprehensive Revenue and Expenses

	Note	2020	2019
		$	$
Revenue from exchange transactions	17		
Gaming machine income		6,522,919	4,457,551
Other operating revenue		16,800	1,144
Total revenue		**6,539,719**	**4,458,695**
Expenses			
Depreciation	10	671,478	327,054
Gaming machine duty & Problem gambling levy		1,558,781	1,089,470
Venue rental		1,043,667	713,207
Legal fees and consulting		160,467	140,294
Finance expenses	13	99,801	77,636
Licences & Registrations		62,498	55,408
Audit Fees		8,917	7,840
Other operating expenses	6	377,040	211,673
Total expenses		**3,982,649**	**2,622,582**
Total surplus/(deficit) for the period - before distributions		**2,557,070**	**1,836,113**
Less: distributions		(2,326,790)	(1,836,099)
Other comprehensive revenue and expense			
Total comprehensive revenue and expense		230,281	14

RSM

Statement of Changes in Net Assets/Equity

	Note	Accumulated comprehensive revenue and expense 2020 $	Accumulated comprehensive revenue and expense 2019 $
Opening Equity at 1 August		14	-
Surplus/ (deficit) for the year		230,281	14
Other comprehensive revenue and expense		-	-
Closing equity 31 July		**230,295**	**14**

RSM

Statement of Cash Flows

	Notes	2020	2019
		$	$
Cash flows from operating activities			
Receipts			
Receipts from exchange transactions		6,483,238	4,462,195
Payments			
Payments to suppliers and employees		(2,723,361)	(2,127,929)
Distributions		(2,326,790)	(1,836,099)
Interest paid		(99,801)	(77,636)
Net cash flows from operating activities		**1,333,286**	**420,531**
Cash flows from investing activities			
Receipts			
Proceeds from sale of property plant and equipment		11,500	7,345
Payments			
Purchase of property, plant and equipment		(1,131,650)	(664,719)
Net cash flows from investing activities		**(1,120,150)**	**(657,374)**
Net cash flows from financing activities			
Proceeds from draw down of loans		1,009,202	510,923
Payments of loan principal		(414,157)	(249,305)
Net cash flows from financing activities		**595,045**	**261,618**
Net increase/(decrease) in cash and cash equivalents		**808,181**	**24,775**
Cash and cash equivalents at 1 August		193,483	168,708
Cash and cash equivalents at 31 July	7	**1,001,664**	**193,483**

RSM

1. REPORTING ENTITY

Rano Community Trust Limited (the "Company") is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act 2013. The Company was incorporated in New Zealand on 20 January 2016 under the Companies Act 1993, and commenced trading from 20 February 2018 upon the issue of its Class 4 Operator's Licence by the Department of Internal Affairs under the Gambling Act 2003.

The financial statements and the accompanying notes summarise the financial results of activities carried out by the Company. The Company is involved in operating gaming machines to support the wider communities around New Zealand.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements comply with generally accepted accounting practice in New Zealand ("NZ GAAP"). The primary objective of the Company is to apply all of its net proceeds as grants in the application of its Authorised Purpose as per the Gambling (class 4 net proceeds) Regulations 2004. As such the Company is a public benefit entity for the purpose of complying with NZ GAAP. The financial statements of the Company comply with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") for Tier 2 entities issued by the New Zealand External Reporting Board (XRB) and disclosure concessions have been applied. The Company is eligible to report in accordance with PBE Standards RDR because it does not have public accountability and is not large. All reduced disclosure regime exemptions have been adopted. This decision results in the Company not preparing a Statement of Service Performance for both reporting periods. The financial statements for the Company are for the period ended 31 July 2020, and were approved by the Board as reflected on page 7.

b) Measurement basis

The financial statements have been prepared on the historical cost basis.

c) Functional and presentation currency

The financial statements are presented in New Zealand Dollars, which is the functional and presentation currency, rounded to the nearest dollar.

d) Changes in accounting policy

Fixed Assets which are kept in storage has their depreciation frozen upon transfer to storage and valued at the lower of net realizable value or book value to align with PBE IPSAS 17.71.

e) Basis of preparation

The financial statements have been prepared on a going concern basis, the validity of which depends on the Company continuing to provide adequate operating revenue and cash flows from its gaming machines to cover the Company's operating costs which include the payments required under the gaming machines finance agreements. It is the considered view of the Board of Directors that the gaming machines will continue to satisfy these requirements. The Company has net current liabilities of $341,103 as at 31 July 2020 which is predominantly due to $708,636 of term loans due next year. In addition the Directors are able to retain funds for working capital under the DIA recent relief with regards to the minimum grant distribution requirement.

3. PRINCIPAL ACTIVITY

The Company's principal activity is the operation of gaming machines for the purpose of generating surplus revenue to be distributed in accordance with the objectives of the Company. Under the terms and Constitution of the Company, the grants paid are required to be used for any charitable and non-commercial purpose that is beneficial to the whole or a section of a community. The Company prioritises funding applications which support wider communities across New Zealand.

All gaming machine grants paid by the Company have been appropriately used for the Authorised Purpose.

4. SIGNIFICANT JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a) Judgements:

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Classification of non-financial assets as cash generating assets or non-cash-generating assets

For the purpose of assessing impairment indicators and impairment testing, the Company classifies non-financial assets as either cash-generating or non-cash-generating assets. The Company classifies a non-financial asset as a cash-generating asset if the primary objective of the asset is to generate commercial return. All other assets are classified as non-cash-generating assets.

The majority of property, plant and equipment held by the Company is classified as cash-generating assets.

b) Assumptions and estimation uncertainties
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Useful lives and residual values
The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of Directors of The Company
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Changes in accounting estimates
There have been no changes in the accounting estimates for the current reporting period.

5. SIGNIFICANT ACCOUNTING POLICIES

a) Revenue
Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

i) Revenue from exchange transactions
Interest revenue
For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available-for-sale, interest income is recorded using the effective interest rate. Effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest revenue is included in finance income in the statement of comprehensive revenue and expense.

Gaming machine revenue
Revenue shown in the Statement of Comprehensive Income and Expense comprise the amounts received and receivable for gaming services supplied to customers in the ordinary course of business. Revenue recognised in relation to the gaming proceeds is recognised on a daily basis.
Gaming profits represent the net win to the Company from gaming activities, being the difference between the amounts wagered and amounts won by gaming patrons.

ii) Revenue from non-exchange transactions
The Company did not receive any non-exchange revenue during the current financial period.

b) Finance income and finance costs
Finance income comprises interest income on financial assets. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on financial liabilities and finance charges.

c) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.
The Company also derecognises financial assets and financial liabilities when there has been significant changes to the terms and/or the amount of contractual payments to be received/paid.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies financial assets as loans and receivables.

The Company recognises financial liabilities at amortised cost.

Financial instruments are initially measured at fair value, plus for those financial instruments not subsequently measured at fair value through surplus or deficit, directly attributable transaction costs.

Subsequent measurement is dependent on the classification of the financial instrument, and is specifically detailed in the accounting policies below.

i) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses.
Loans and receivables comprise cash and cash equivalents and receivables.

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

ii) Amortised cost financial liabilities

Financial liabilities classified as amortised cost are non-derivative financial liabilities that are not classified as fair value through surplus or deficit financial liabilities.

Financial liabilities classified at amortised cost are subsequently measured at amortised cost using the effective interest method.
Financial liabilities classified as amortised cost comprise payables, loans and finance lease payable.

d) Impairment of financial assets

A financial asset not subsequently measured at fair value through surplus or deficit is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a counterparty, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a counterparty or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

i) Financial assets classified as loans and receivables
The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level.

All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in statement of comprehensive revenue and expense and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised.

When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive revenue and expense.

e) Property, plant and equipment

i) Recognition and measurement
Items of property, plant and equipment are initially measured at cost, except those acquired through non exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment.
Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised as surplus or deficit in the statement of comprehensive revenue and expense.

ii) Subsequent expenditure
Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance is expensed as incurred.

iii) Depreciation
For property, plant and equipment, depreciation is based on the cost of an asset less its residual value

Significant components of individual assets that have a useful life that is different from the remainder of those assets, those components are depreciated separately.

Depreciation is recognised in statement of comprehensive revenue and expense on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Fixed Assets which are kept in storage has their depreciation frozen upon transfer to storage and valued at the lower of net realizable value or book value to align with PBE IPSAS 17.71.

The estimated useful lives are:

Gaming machines & Equipment	3 years

Depreciation methods, useful lives, and residual values are reviewed at reporting date and adjusted if appropriate.

f) Impairment of non-financial assets

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows (for cash-generating assets) or future remaining service potential (for non-cash-generating assets) are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in statement of comprehensive revenue and expense. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

g) Leases

Classification and treatment
Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases
Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

h) Equity
Equity is the community’s interest in the Company measured as the difference between total assets and total liabilities. Equity is made up of the following component:

Accumulated comprehensive revenue and expense
Accumulated comprehensive revenue and expense is the Company's accumulated surplus or deficit since the formation of the Company adjusted for transfers to/from specific reserves.

i) Income Tax
The Company is exempt from income tax in accordance with section CW48 of the (New Zealand) Income Tax Act 2007. The Act provides an exemption for gaming machine income of licensed operators provided all distributions are made in accordance with the Gambling Act 2003. Accordingly, all surpluses are distributed as grants in accordance with the Company's Authorised Purpose statement as approved by Department of Internal Affairs.

j) Goods and services tax
All amounts are shown exclusive of goods and services tax (GST), except for receivables and payables that are stated inclusive of GST.

k) Distributions to the Community
Distributions to the Community are recorded as an appropriation of the surplus for the year.

Net surplus generated by the Company is to be paid out in accordance with the Gambling (Class 4 Net Proceeds) Regulations 2004. The regulation stipulates that all or nearly all net surplus must be distributed during the financial year and any remainder of net surplus within 3 months after the end of each of its financial years. In addition, the Company is expected to generate net surplus equal to 40% of its GST exclusive gross receipts in each financial year.

On 1 July 2020 the Government introduced a number of regulatory amendments to mitigate the impact of COVID-19 on the gambling sector, one of which suspends the obligation to return a minimum of 40% of gross proceeds to the community for 2020 and 2021 financial years.

For the current financial year the Company has generated net surplus equal to 39.70% of its GST exclusive gross receipts.

Payment requires approval by the Board of Directors that the recipient has requested the donation for an “authorised purpose” as defined by the Gambling Act 2003.

6. OTHER OPERATING INCOME/EXPENSES

	2020	2019
Operating expenses include all the expenses including the following:	$	$
Accounting	32,143	23,550
Bank Fees	1,090	695
Eftpos Rental & Expenses	1,459	1,594
Electronic Monitoring Fees	42,636	29,383
Equipment & Repairs	24,219	16,491
Freight & Installation	8,084	4,467
Gaming Conversions	-	120
Gaming Machine Analysis Audit	13,374	8,321
Gaming Machine Repairs & Maintenance	54,379	35,660
General Expenses	206	637
Honoraria	80,400	19,800
Insurance	44,490	24,347
Loss on Disposal of Asset	28,877	17,663
Printing & Stationery	11,161	4,020
Security Costs	6,281	7,773
Storage	647	600
Subscriptions	12,176	9,958
Telephone & Internet	4,487	4,256
Training	5,019	2,063
Travel - National	1,914	274
Removal Costs	960	-
EMS Data Circuit Fee	3,039	-
	377,040	**211,673**

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

Current assets:		
Cash at bank	1,001,664	193,483
Current liabilities:		
Bank overdrafts	-	-
Total cash and cash equivalents in statement of cash flows	**1,001,664**	**193,483**

8. RECEIVABLES

Trade receivables from exchange transactions	53,277	13,596
Allowance for impairment		-
Net trade receivables from exchange transactions	**53,277**	**13,596**
Prepayments	59,024	15,096
Receivables from exchange transactions	**112,301**	**28,692**

There are no amounts overdue nor impaired as at year end relating to trade receivables from exchange transactions.

Income tax refund due	-	-
Receivables from non-exchange transactions	**-**	**-**

9. RELATED PARTY TRANSACTIONS AND BALANCES

Compensation of key management personnel

An honorarium was paid to Directors of $80,400 (2019: $19,800) for services to the Net Proceeds Committee as well as their duties as directors.

10. PROPERTY, PLANT AND EQUIPMENT

	31 Jul 2020		
	Cost	Accumulated depreciation	Carrying value
Gaming machines & Equipment	2,145,810	1,013,675	1,132,135
Non-Gaming Equipment	3,608	1,371	2,237
	2,149,418	**1,015,045**	**1,134,372**

Reconciliation of property, plant and equipment - July 2020

	Opening NBV	Additions	Disposals	Depreciation	Closing NBV
Gaming machines & Equipment	712,388	1,129,347	38,877	670,723	1,132,135
Non-Gaming Equipment	688	2,303	-	755	2,237
	713,077	**1,131,650**	**38,877**	**671,478**	**1,134,372**

11. LOANS

	Effective interest rate %	Year of Maturity	2020	2019
Current interest bearing loans & borrowings			$	$
BNZ Term Loan: 001	6.91% - 7.73%	2022	144,687	119,935
BNZ Term Loan: 002	6.95% - 7.78%	2023	41,470	34,835
BNZ Term Loan: 003	6.86% - 7.55%	2023	**115,479**	-
BNZ Term Loan: 004	6.71% - 7.38%	2023	**161,238**	-
BNZ Term Loan: 005	6.90% - 7.24%	2023	**67,502**	-
Mutual Credit Finance - Term Loan (Pacific Bar)	12.00% - 12.00%	2021	**87,671**	97,173
Mutual Credit Finance -Term Loan (Sports Bar)	12.25% - 12.25%	2022	**57,260**	52,258
Luxor Premium Financing	8.00%	2021	**33,328**	-
			708,636	**304,201**
Non-current interest bearing loans & borrowings				
BNZ Term Loan: 001	6.91% - 7.73%	2022	37,354	150,855
BNZ Term Loan: 002	6.95% - 7.78%	2023	56,053	88,490
BNZ Term Loan: 003	6.86% - 7.55%	2023	**132,132**	-
BNZ Term Loan: 004	6.71% - 7.38%	2023	**184,792**	-
BNZ Term Loan: 005	6.90% - 7.24%	2023	**137,204**	-
Mutual Credit Finance - Term Loan (Pacific Bar)	12.00% - 12.00%	2021	**-**	62,279
Mutual Credit Finance -Term Loan (Sports Bar)	12.25% - 12.25%	2022	**15,439**	59,031
			562,974	**360,656**
			1,271,610	**664,857**

At reporting date, all loans were secured over gaming machines and associated equipment in note 10. As at 31 July 2020 the Company's property had a net carrying value of $1,134,372.

12. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:

Financial assets		
Loans and receivables		
Cash and cash equivalents (assets)	1,001,664	193,483
Receivables from exchange transactions	53,277	28,692
Receivables from non-exchange transactions	-	-
	1,054,941	**222,175**
Financial liabilities		
At amortised cost		
Trade and other creditors	148,932	85,100
Cash and cash equivalents (liabilities)	-	-
Loan facility	1,238,282	664,857
	1,387,214	**749,957**

The Company also has Term loans with Mutual Credit Finance Limited. The term of the loans are three years. The term loans are collateralised by all present and after acquired property of the Company.

13. NET FINANCE COSTS

	2020	2019
Finance income	**$**	**$**
Interest income from loans and receivables	-	-
Finance expense		
Finance charges related to loan application	-	5,000
Interest expense from loans and receivables	99,801	72,636
Net finance costs	**(99,801)**	**(77,636)**

14. PAYABLES - EXCHANGE TRANSACTIONS

	2020	2019
Accounts payable	46,325	59,941
Accruals	69,278	25,259
Duty payable	477,107	87,795
GST/PAYE payable	153,722	97,386
	746,432	**270,381**

15. CAPITAL COMMITMENTS

There are no capital commitments at the reporting date.

16. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities at the reporting date.

17. REVENUE

	2020	2019
Revenue from exchange transactions		
Gaming machine income	6,522,919	4,457,551
Gain on asset sales	-	1,144
	6,522,919	**4,458,695**

Revenue from non-exchange transactions
There were no revenue from non-exchange transactions during the financial period.

18. EVENTS AFTER THE REPORTING DATE

Auckland went into level 3 lockdown from 12 Aug 2020 to 30 Aug 2020 resulting in no GMP for almost 3 weeks for 4 Auckland venues. The estimated losses was approximately $676,000.

19. GOING CONCERN

During March 2020 New Zealand went into a nationwide Alert Level 4 lockdown as a precautionary measure to combat the global pandemic caused by Covid-19. This resulted in all non-essential businesses being shut from 25 March 2020 including all venues where Rano Community Trust has gaming machines placed at for six weeks. During this time the Rano applied for the MSD wage subsidy for $16,800 and estimated losses was approximately $676,000. Under Alert Level 1 and 2 all venues have seen a return of normal gaming activity until a second wave of Covid 19 infections hit Auckland requiring a temporary closure under into Alert Level 3 on 12 August 2020 for a 15 day period. Since the return to Alert Level 2 in early September 2020 venues can operate. The Trust's Accountant has performed a forecast for FY21 showing revenue of approximately $7,481,000 for FY21 with net profit to be about $550,000.

The Trustees have considered all information available at the date of signing the financial statements and is of the opinion that the Trust is a going concern based on available liquidity levels and forecast operating cashflows being sufficient to cover future obligations when they fall due. The Trustees have deemed there to be no significant impact from COVID-19 on the venues for at least 12 months subsequent to the date of these financial statements being authorised for issue.

RSM