



Aotearoa Gaming Trust

Annual Report

2021



AOTEAROA
GAMING
TRUST





CONTENTS

Introduction.....	4
Directory	5
Board of Trustees.....	6
Achievements	7
Chair and CE's Report.....	8
Auditors Report.....	9
Summary Financial Statements	11

INTRODUCTION

Aotearoa Gaming Trust (AGT) is a Class 4 gaming machine society. AGT is dedicated to running a socially responsible gaming operation that in turn generates funding for community organisations.

Our gaming operation is predicated on strong venue partnerships, up-to-date gaming rooms and exemplary compliance practises.

Since AGTs inception in 1998 approximately \$337.2 million has been distributed to communities around New Zealand. The Board of Trustees are careful stewards of community funding and alongside the grants committee take great care to distribute to a wide variety of organisations with a strong community focus.



DIRECTORY

As at 26 December, 2021

Principal business:

- Administration of gaming machines
- Distribution of funds to charitable organisations

Date of establishment:

16 January 1998

Head office:

98 Glasgow St.

PO Box 858

Dunedin

Telephone: 03 471 8850

Facsimile: 03 471 8470

Email: info@agt.nz

Website: www.agt.nz

Trustees:

Evan Moore

Doug McCaulay

Karen Shea

Peter Haslemore

Chief Executive:

Karen Shea

Solicitors:

Wilkinson Rodgers

Bankers:

Bank of New Zealand

Auditors:

PricewaterhouseCoopers



BOARD OF TRUSTEES



Evan More

Chair

Evan was born and raised in the Maniototo and completed his law degree at the University of Otago. He worked as a general lawyer with his primary areas of expertise being residential conveyancing, general family law, wills, trusts and estate administration. Evan is now retired and living in Central Otago.



Doug McCaulay

Deputy Chair

Doug brings a wealth of experience to the board. His areas of expertise include security, training, and the hospitality sector. He has a particular interest in, and experience of, risk management at governance level. Doug holds several board positions in the not-for-profit sector.



Karen Shea

Chief Executive

Karen was one of the founders of The Southern Trust now Aotearoa Gaming Trust. She has over 20 years' experience working for the Trust in the Class 4 sector as well as having a previous role with the regulator. As a result, Karen is one of the most experienced CEOs in the Class 4 sector and has a wide-ranging knowledge of the charity sector.



Peter Haslemore

Trustee

Peter is Dunedin born and bred and has had a lengthy career as a public servant working for a variety of different organisations including the Department of Internal Affairs. He is currently working in the public health sector. Peter has active roles in the community, with a focus on sport especially surf lifesaving.

ACHIEVEMENTS

A New Name for The Southern Trust – now Aotearoa Gaming Trust

During the first half of 2021 The Southern Trust responded to the changing business and charity sector environments by looking to strategy development to determine the way forward. Significantly the Board determined it was time to reposition the organisation through rebranding. As a result, The Southern Trust morphed into Aotearoa Gaming Trust. The response to this move has been extremely positive and bodes well for the future.

The on-going COVID-19 Environment

Aotearoa Gaming Trust continued to meet the challenges associated with COVID by taking the helpful and understanding approach our Venues have come to expect from our staff. The emphasis was firmly on the safety of people. This is a time where major disruption required adjustment to the way we do business. AGT responded by increasing support to venues while at the same time remaining mindful of the on-going business pressures our Venue partners are facing as part of the hospitality sector.

It should be noted that AGT was less impacted by COVID than some gaming societies. AGT is not dependant on Auckland based venues and is therefore more robust than societies which are.

This is an ongoing situation and one which AGT will continue to monitor closely.

Financial Management System

Over the past year AGT undertook a review of the financial management systems. The review resulted in the decision to adopt the MYOB Advance. This has resulted in improved data management and significantly upgraded reporting.

Harm Minimisation

Harm Minimisation has continued to be a particular focus this year for the Chief Executive Karen Shea and AGT staff. Submissions have been made to the Harm Prevention Strategy and Karen continued to contribute to this aspect of gaming at a national level. At the same time AGT continued to emphasise socially responsible gambling through the ongoing development of its Harm Minimisation programmes.



CHAIR & CHIEF EXECUTIVE'S REPORT

Tena koutou

Despite the high level of uncertainty and resulting pressure on our venues and budgets created by the COVID environment, we have ended the financial year in a healthy position. For many, the hospitality sector has been disproportionately affected by the consequences of decisions made by Government to slow the spread of Covid in our communities. However, we are pleased to report that Aotearoa Gaming Trust has come through this better than most.

Throughout 2021 AGT staff continued to support our venues and our operators to the best of their ability. The goal was to assist them to be able to operate in as close to "normal" an environment as was possible. The Board of Trustees would like to acknowledge and thank all our venue operators for the work they have done and for continuing to provide a valid entertainment option for customers.

In accordance with AGT's core principle of socially responsible gaming, screens were provided to protect players at venues where appropriate. This was done to assist with the management of social distancing requirements to protect individuals from COVID. As well AGT provided information to our venue partners about what the various level changes meant from an operational perspective. These initiatives will be ongoing and AGT will continue to be responsive to changing circumstances.

The uncertainty around Covid restrictions and lockdowns impacted on income generation for the year end 26 December 2021. This in turn reduced the amount of grants money distributed to charities around New Zealand. The impact of this has been reported to us by community organisations as significant. Many recipients supporting a wide variety of communities throughout New Zealand are struggling to carry on with the good work they normally carry out. The Board of Trustees appreciates the understanding shown to staff by our grant recipients as everyone manages their way through these unprecedented times.

Significantly The Southern Trust changed its name during 2021 to Aotearoa Gaming Trust. We wanted a name that reflected who we are and what we do. The name Aotearoa Gaming Trust reflects our commitment to a wide and diverse range of charities across the motu.

The name change lead to a refresh of our branding that still pays homage to the Southern Cross, the alps and the New Zealand fern (coincidentally the fern also resembles the edge of a two-dollar coin).

Our venue partners have been incredibly open to and supportive of the change. The Board of Trustees and staff of AGT appreciates this support.

The Trustees would like to extend our thanks to all AGT staff for their continued hard work in what has been a trying time for us all. This is particularly encouraging as we look to operate in the "new normal" of life with COVID.

Ngā mihi nui



Evan More
Chairperson



Karen Shea
Chief Executive/Trustee



Report of the independent auditor on the summary financial statements

To the Trustees of Aotearoa Gaming Trust

The summary financial statements comprise:

- the summary statement of financial position as at 26 December 2021;
- the summary statement of comprehensive revenue and expense for the period then ended;
- the summary statement of changes in net assets/equity for the period then ended;
- the summary statement of cash flows for the period then ended; and
- summary notes to the financial statements.

Our opinion

The summary financial statements are derived from the audited financial statements of Aotearoa Gaming Trust for the year ended 26 December 2021.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with FRS-43: *Summary Financial Statements* issued by the New Zealand Accounting Standards Board.

Summary financial statements

The summary financial statements do not contain all the disclosures required by New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 29 March 2022.

Information other than the summary financial statements and auditor's report

The Directors are responsible for the annual report. Our opinion on the summary financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the summary financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the summary financial statements, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustees for the summary financial statements

The Directors are responsible, on behalf of the Company, for the preparation of the summary financial statements in accordance with FRS-43: *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) 810 (Revised), *Engagements to Report on Summary Financial Statements*.



Our firm carries out other services for the Trust in the area of agreed upon procedures over prospective financial information. The provision of these services has not impaired our independence as auditor of the Trust.

Who we report to

This report is made solely to the Trustees, as a body. Our audit work has been undertaken so that we might state those matters which 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 Trust and the Trustees, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers.

Chartered Accountants
29 March 2022

Dunedin



AOTEAROA GAMING TRUST

Summary Financial Statements for the period ended
26 December 2021

SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE PERIOD ENDED 26 DECEMBER 2021

	note	26-Dec 2021	27-Dec 2020
Revenue			
Gaming revenue			
Other income		25,925,098	23,033,645
Net gain on disposal of property, plant and equipment		42,663	71,160
Operating Revenue		<u>34,306</u>	<u>94,605</u>
		<u>26,002,067</u>	<u>23,199,410</u>
Expenditure			
Administrative Expenses		2,229,856	2,055,246
Depreciation and Amortisation Costs	4	2,172,643	1,879,086
Direct Operational Costs		8,126,929	7,193,706
Venue Payments		4,109,462	3,637,255
Operating Expenditure		<u>16,638,890</u>	<u>14,765,293</u>
Surplus Available for Distribution		<u>9,363,177</u>	<u>8,434,117</u>
Distributions to the Community		9,173,742	6,577,279
Total Comprehensive Income		189,435	1,856,838

SUMMARY STATEMENT OF CHANGES IN NET ASSETS / EQUITY FOR THE PERIOD ENDING 26 DECEMBER 2021

Equity at the beginning of the year	5,361,675	3,504,837
Change in equity	189,435	1,856,838
Equity at the end of the year	5,551,110	5,361,675

The above statement should be read in conjunction with the accompanying notes

SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 26 DECEMBER 2021

	note	26-Dec 2021	27-Dec 2020
ASSETS			
Current Assets		1,823,246	1,963,268
Non-Current Assets		5,236,169	4,978,942
TOTAL ASSETS		7,059,415	6,942,210
LIABILITIES			
Current liabilities		1,508,305	1,580,535
Non current liabilities		-	-
TOTAL LIABILITIES		1,508,305	1,580,535
NET ASSETS/EQUITY			
Trust Equity		5,551,110	5,361,675
TOTAL NET ASSETS/EQUITY		5,551,110	5,361,675
SUMMARY STATEMENT OF CASH FLOWS FOR THE PERIOD ENDING 26 DECEMBER 2021			
Net Cashflow from operating activities		2,701,769	2,222,348
Net Cashflow from investing activities		(2,395,567)	(2,634,488)
Net Cashflow from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		306,202	(412,140)
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,032,891	726,689

The above statement should be read in conjunction with the accompanying notes

SUMMARY NOTES TO THE FINANCIAL STATEMENTS

1. Aotearoa Gaming Trust (the "Trust") is a charitable trust registered in New Zealand under the Charitable Trusts Act 1957. The Trust is involved in the gaming industry, and its principal trading activities are the ownership and operation of gaming machines, and the distribution of surpluses arising from these activities to community groups either within the region from which the surpluses originated, or to organisations which provide services nationally in accordance with the standards and practices set out by the Gambling Act of 2003 and the associated regulations.

2. The financial statements of the Trust have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with PBE Standards as appropriate for Tier 1 not-for-profit public benefit entities. The functional and presentation currency for the Trust is New Zealand Dollars

3. The summary financial statements have been extracted from the full financial statements. The financial statements of Aotearoa Gaming Trust including Statement of

Comprehensive Revenue and Expenses, Statement of Financial Position, Statement of Changes in Net Assets and Statement of Cash Flows. The summary financial statements do not include all the disclosures contained in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements.

4. A copy of the financial statements may be obtained on request from the Trust's office (Telephone 0800 424 274), PO Box 858, Dunedin

5. The Trust maintains an interest register in which the Trustees record all parties and transactions which they have an interest. At the time of discussion and approval of the grants the relevant trustee noted their involvement and excluded themselves from the decision making process. During the year the Trust made grant distributions to and purchased goods and services from the following organisations that were on the Trustee's register of interests:

Related Party	2021	2020
Belfast Bowling Club	10,000	
Burnside Rugby Club	16,000	15,000
Chisholm Park Golf Club	11,000	
Concord Kindergarten		1,500
Concord School		5,000
Fire in Ice Outrigger Canoe Club Incorporated		5,000
Island Park Gold Club	9,000	
Kavanagh College	6,577	5,000
Otago Boys High School	4,000	4,000
Otago Golf	10,000	
Parafed Otago Incorporated	6,500	10,000
Royal New Zealand Returned and Services Inc.	50,693	50,000
Royal New Zealand Returned and Services Inc.		50,000
St Clair Surf Life Saving Club Incorporated	10,000	3,000
Total	133,770	148,500

During the period Aotearoa Gaming Trust paid Wilkinson Rodgers lawyers \$8,626 for professional services. Evan Moore (Trustee) is a consultant to this firm.

Salaries and other short term employee benefits of \$492,781 for four full-time equivalent employees (Dec 2020 \$498,932

were paid to key management personnel during the period. There were no amounts paid in 2021 for termination, post-employment or other long term benefits.

Trustees fees of \$63,000 (Dec 2020 \$63,000) were paid to four trustees during the year.

- 6.** The Trust has capital commitments of \$16,880 (Dec 2020: \$23,980) relating to equipment purchases.
- 7.** The annual full financial statements of Aotearoa Gaming Trust have been audited by PricewaterhouseCoopers who have issued an unmodified audit opinion in respect to the financial statements on 29 March 2022
- 8.** The Trustees authorised the publication of these Summary Financial Statements on 29 March 2022
- 9.** These Summary Financial Statements are in compliance with PBE FRS-43 Summary Financial Statements.
- 10.** There are no events subsequent to the reporting date that require disclosure in the full financial statements.
- 11.** Over the course of 2021, several events occurred in New Zealand which had a material impact on the operations of the Trust. Between January 1 and August 17 New Zealand experienced a number of changes to its alert level system. These changes affected Auckland primarily where the Trust has no operations. Disruptions to normal trading were minimal until August.

On August 17th 2021 the whole of New Zealand entered alert level 4 which required the closing of all hospitality. The Trust earned no Gaming Machine Proceeds (GMP) until September 7th 2021 when hospitality was allowed to re-open under alert level 2 settings.

The Trust experienced a material loss of gaming machine proceeds during the 2021 alert level changes. This is based on the original board approved budget. This also meant that distributions to authorised purpose fell from an expected 39.6% to 37.4% for 2021.

A number of changes to the alert level system occurred between September 7th 2021 and December 2nd 2021. The impact to the Trust was machines in certain venues needed to be switched off to maintain distancing requirements. This primarily affected 3 venues in the Hamilton and Coromandel area. GMP in the rest of the country was strong enough to offset losses and the Trust continued to track above budget for the October and November periods.

Approved on behalf of the Board:



Evan Moore

29 March 2022



Karen Shea

On December 2nd 2021 New Zealand moved from the alert level system to the traffic light framework (TLS). Uncertainty surrounding the TLS and potential covid spreading in the community meant that the Trust experienced an additional material impact to gaming machine proceeds in GMP compared to budget.

The financial statements have been prepared on a going concern basis, consistent with the prior period.

The Board of Directors believe the going concern basis is appropriate as, having reviewed the financial forecasts and considered the ongoing demand for hospitality services after the impact of COVID-19, they have a reasonable expectation that the Trust will continue to operate on a financially sustainable basis for the next 12 months.

The Board of Trustees has been made aware of the changes to alert levels and frameworks as the rules change.

For the 2022 financial year rules 10 and 11 and 11a of the Gambling Act of 2003 are once again being enforced. This requires the Trust to distribute 40% of GMP to authorised purpose distributions within the reporting year and maintain a working capital ratio no higher than 1.5:1 reviewed at least every quarter by the Department of Internal Affairs. During the year, and subsequent to year end, the Trust exceeded the required ratio and this was communicated to the DIA within the monthly reporting (monitoring framework). At December 26 2021 and December 27 2020 the Trust's working capital ratio was 1.21 and 1.24 respectively. All budgeting and forecasting for 2022 has been prepared to comply with the working capital and distribution rules and the Trust is currently budgeting to distribute 40% and maintain compliance with the working capital ratio rules.

Consistent with prior periods a license renewal is required annually. The Trust is preparing to submit its licensing application for 2022 by 31 March 2022 and expects this to be renewed in due course. The Trust has not received any communication from the DIA that this would not be renewed.







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