



**Constellation Communities Trust Limited**  
**Financial Statements**  
**For the year ended 31 December 2015**



**Constellation Communities Trust Limited**  
**Financial Reports**  
**For the Year Ended 31 December 2015**

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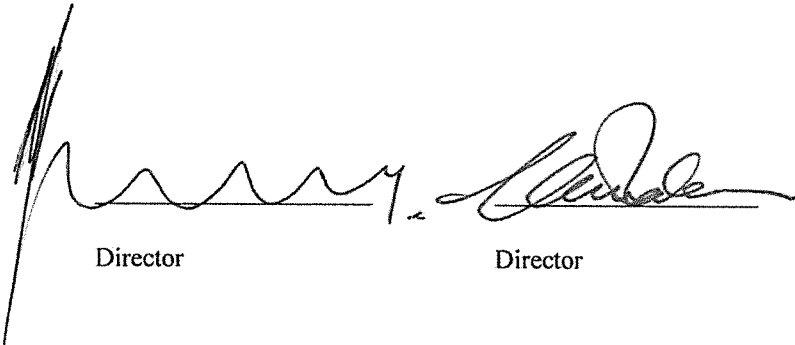
# Annual report

The Board of Directors present their annual report, including financial statements, of the Company for the year ended 31 December 2015 and the auditor's report thereon.

The shareholders of the Company have exercised their rights under Section 211(3) of the Companies Act 1993 and unanimously agreed that this annual report need not comply with any of the Sections (a) and (e) to (j) of Section 211(1) of the Act.

For and on behalf of the Board of Directors who approved these financial statements for issue on

22 March 2016



Two handwritten signatures in black ink are positioned above two horizontal lines. The signature on the left is more stylized and cursive, while the one on the right is more legible and appears to be 'L. A. ...'. Below each signature is a solid horizontal line.

Director

Director

**Constellation Communities Trust Limited**  
**Company Directory**  
**As at 31st December 2015**

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Registered Office	110 Landmark Terrace, Kensington Park Orewa Auckland 0931		
Directors	Christopher Kennings Kevin Lunny George Paterson Richard Turner Charles Wilson		
Company Number	3874696		
Auditors	CST Nexia Audit		
Accountants	NDCA Limited 301R Botany Road Botany Auckland		
Bankers	ASB Bank Ltd		
Nature of Business	Gaming machine operator		
Shareholders	George Paterson Kevin Lunny Charles Wilson	1 1 1	Ordinary Shares Ordinary Shares Ordinary Shares
		<hr/> <hr/>	3



**Constellation Communities Trust Limited**  
**Statement of Comprehensive Income**  
**For the year ended 31 December 2015**

	<i>Note</i>	<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
<b>REVENUE</b>			
Interest Received		12	739
Gaming Profits		2,472,140	2,782,082
Sundry Income		-	2,546
Gain on Sale of Fixed Assets		66,905	75,734
<b>Total Income</b>		<u>2,539,057</u>	<u>2,861,101</u>
<b>Less Expenses</b>			
Accountancy Fees		29,252	36,606
Administration costs		29,248	27,146
Advertising		4,003	1,994
Audit Fees		9,417	11,146
Bank Charges		1,254	528
Directors Fees		15,000	25,000
Electronic Monitoring Fees		20,785	19,439
Finance charges		2,060	5,615
Gaming Analysis Audits		2,250	3,000
Gaming Machines Repairs & Maintenance		41,796	37,122
Gaming Machine Duty & Problem Gambling Levy		605,833	681,789
General expenses		9,637	12,743
Insurance		25,060	30,050
Interest - Loans		61,735	60,959
Legal Expenses		8,466	10,234
Licences & Registrations		27,117	25,473
Management Fees		82,189	84,594
Printing, Stamps & Stationery		1,391	3,389
Rent		4,361	4,272
Repairs & Maintenance (Other gaming equipment)		8,125	5,893
Site rental		365,741	432,965
Telephone, Tolls & Internet		4,201	4,060
<b>Total Expenses</b>		<u>1,358,921</u>	<u>1,524,017</u>
<b>Net Surplus Before Depreciation, Tax &amp; Distributions</b>		<u>1,180,136</u>	<u>1,337,084</u>
<b>Less Depreciation Adjustments</b>			
Depreciation as per Schedule		163,627	159,965
<b>Net Surplus Before Distributions &amp; Tax</b>		<u>1,016,509</u>	<u>1,177,119</u>
<b>Distributions</b>			
Grant Payments		1,116,164	1,115,920
<b>Net Surplus Before Tax Expense</b>		<u>(99,655)</u>	<u>61,199</u>
Less Tax Expense		3	207
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>(\$99,658)</u></u>	<u><u>\$60,992</u></u>

NOTE: This Statement is to be read in conjunction with the Auditors Report and Notes to the Financial Statements.



**Constellation Communities Trust Limited**  
**Statement of Changes in Equity**  
**For the year ended 31 December 2015**



	<i>2015</i>	<i>2014</i>
	\$	\$
<b>EQUITY AT START OF YEAR</b>	92,891	31,899
<b>TRADING SURPLUS/(DEFICIT)</b>		
Net Deficit for the Year	(99,658)	60,992
<b>EQUITY AT END OF YEAR</b>	<u><u>(\$6,767)</u></u>	<u><u>\$92,891</u></u>

*NOTE: This Statement is to be read in conjunction with the Auditor's Report and Notes to the Financial Statements.*



**Constellation Communities Trust Limited**  
**Statement of Financial Position**  
**As at 31st December 2015**



	<i>Note</i>	<b>2015</b>	<b>2014</b>
		\$	\$
<b>CURRENT ASSETS</b>			
ASB Bank - Cheque Account		83,228	20,122
ASB Bank - Savings account		501	493
BNZ - Current Account		14,306	-
Taxation		38	37
Accounts Receivable		25,327	36,849
Prepayments		4,754	5,735
Sundry Debtors		34,152	19,680
<b>Total Current Assets</b>		<u>162,306</u>	<u>82,916</u>
<b>NON-CURRENT ASSETS</b>			
Fixed Assets	3	<u>427,228</u>	<u>513,020</u>
<b>TOTAL ASSETS</b>		<u>589,534</u>	<u>595,936</u>
<b>CURRENT LIABILITIES</b>			
GST Due for payment	1(b)	83,883	10,267
Accounts Payable		65,091	77,954
Accrued Expenses		29,959	18,016
Term Loans - Current Portion	6	<u>222,856</u>	<u>164,186</u>
<b>Total Current Liabilities</b>		<u>401,789</u>	<u>270,423</u>
<b>NON-CURRENT LIABILITIES</b>			
Term Loans – Non Current Portion	6	194,512	232,622
<b>TOTAL LIABILITIES</b>		<u>596,301</u>	<u>503,045</u>
<b>NET ASSETS</b>		<u>(\$6,767)</u>	<u>\$92,891</u>
Represented by;			
<b>TOTAL EQUITY</b>			
Retained Earnings		(6,767)	92,891
<b>TOTAL EQUITY</b>		<u>(\$6,767)</u>	<u>\$92,891</u>

For and on behalf of the Constellation Communities Trust Limited;

Director

Director

Date:

22.3.2016

NOTE: This Statement is to be read in conjunction with the Auditors Report and Notes to the Financial Statements.

# Constellation Communities Trust Limited

## Notes to the Financial Statements

### For the year ended 31 December 2015

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#### 1. STATEMENT OF ACCOUNTING POLICIES

Constellation Communities Trust Limited (the "Company") was incorporated under the Companies Act 1993, and commenced operations in January 2013.

These financial statements have been prepared in compliance with New Zealand Generally Accepted Accounting Practices as defined by the Financial Report Act 1993.

The company has chosen not to adopt the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"). The decision not to adopt is consistent with the exemption provided by the External Reporting Board Standard A1 ("XRB A1"). XRB A1 provides a choice for certain qualifying entities to either adopt NZ IFRS or to continue to apply New Zealand Financial Reporting Standards ("NZ FRS"). The company is a qualifying entity on the basis that it does not have public accountability and it is not large (less than \$20 million in revenue and \$10 million in total assets).

The Company is a Not-For-Profit Public Benefit Entity because it is required to distribute all or nearly all net proceeds from gaming machine activities during the financial year under Gambling (Class 4 Net Proceeds) Regulations 2004 as grants to the community.

The Company qualifies for differential reporting under the Framework for Differential Reporting, on the basis that the Company is not publicly accountable and not large. Accordingly, it has taken advantage of all differential reporting exemptions, except for FRS 19 - Accounting for Goods and Services Tax, with which it has complied fully.

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified.

The following is a summary of the significant accounting policies adopted by the Company in the preparation of these financial statements.

#### **Comparatives**

The comparatives have been audited by Grant Thornton New Zealand.

#### (a) **Revenue**

Revenue shown in the Statement of Comprehensive Income comprises the amounts received and receivable for gaming services supplied to customers in the ordinary course of business. Revenue recognised in relation to the gaming machine proceeds is recognised on a daily basis.

#### **Gaming Profits**

Gaming profits represent the net win to the Company from gaming activities, being the difference between amounts wagered and amounts won by gaming patrons.

#### (b) **Goods & Services Tax**

The Statement of Comprehensive Income has been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST, with the exception of account receivables and payables, which include GST invoiced.



**Constellation Communities Trust Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2015**

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(c) **Income Tax**

The Company is exempt from income tax under section CW 48 of the Income Tax Act 2007 in respect of gaming income. The Company is however, liable for tax on non-gaming income.

(d) **Receivables**

Accounts receivables are valued at anticipated realisable value. An estimate is made for doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

(e) **Property, Plant and Equipment**

Property, plant and equipment are recorded at cost less accumulated depreciation. Depreciation of property, plant and equipment is calculated using straight line at rates that will write off the cost of the assets, less their residual values, over their estimated useful lives as follows:

Gaming Machines & Equipment     4 Years SL

Gains and losses on disposal of property, plant and equipment are taken into account in determining the financial performance for the year.

(f) **Operating Leases**

Leases that are not finance leases are classified as operating leases. Operating lease payments are recognised as an expense in the periods the amounts are payable in the Statement of Comprehensive Income.

(g) **Changes in Accounting Policies**

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

(h) **Standards and interpretations issued not yet effective**

A revised Accounting Standards Framework is presently being introduced in New Zealand. Constellation Communities Trust Limited being a Not-for-Profit Entity, will be required to report in accordance with Not-for-Profit Public Benefit Entity Accounting Standards, (comprising International Public Sector Accounting Standards modified as appropriate for New Zealand Circumstances). The new Standards will first apply to Constellation Community Trust Limited's financial statements for the year commencing 1 January 2016. No material changes to the financial statements are anticipated on the application of the new standards.

**2. CONTINGENT LIABILITIES**

At balance date there are no known contingent liabilities. The Company has granted securities in respect of term loans as per Note 6.

**Constellation Communities Trust Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2015**



3. **PROPERTY, PLANT & EQUIPMENT**

	<i>Dec 2015</i>	<i>Dec 2014</i>
	\$	\$
<b>Gaming Machines &amp; Equipment</b>		
At cost	654,980	630,943
Less Accumulated Depreciation	<u>(230,002)</u>	<u>(121,326)</u>
	<u>424,978</u>	<u>509,617</u>
<b>Office Equipment</b>		
At cost	4,600	4,600
Less Accumulated Depreciation	<u>(2,350)</u>	<u>(1,197)</u>
	<u>2,250</u>	<u>3,403</u>
<b>Total Property, Plant &amp; Equipment</b>	<u><u>\$427,228</u></u>	<u><u>\$513,020</u></u>

Included in the Property, Plant & Equipment are gaming machines and associated equipment under loan agreement with Mutual Credit Finance Limited with a total cost of \$654,980 (2014: \$630,943) and accumulated depreciation of \$230,002 (2014: \$121,326).

4. **RELATED PARTY TRANSACTIONS**

During the year \$29,248 (2014: \$27,146) was paid to the following directors for duties performed with regard to managing the Company's application process and other daily administrative duties:

Charles Wilson \$6,738 (2014: \$27,146)

Kevin Lunny \$22,510 (2014: Nil)

This has been sanctioned by the other directors. Directors fees of \$15,000 (2014: \$25,000) was paid. There are no other related party transactions during the year under review.

5. **COMMITMENTS**

	<i>Dec 2015</i>	<i>Dec 2014</i>
	\$	\$
Non cancellable operating lease commitments as follows:		
<b>Operating Lease commitment for site leases</b>		
Current	384,743	343,020
Term	<u>628,513</u>	<u>305,567</u>
<b>Total</b>	<u><u>1,013,256</u></u>	<u><u>648,587</u></u>

The lease agreement for Spirit'd Bar Tokoroa expires on 31 March 2018. However, this is cancellable by either party after 1 April 2016, provided a written notice is given one month in advance.

**Constellation Communities Trust Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2015**



6. **TERM LIABILITIES**

	<i>Dec 2015</i>	<i>Dec 2014</i>
	\$	\$
<b>Mutual Credit Finance - 10548</b>		
Opening Balance	-	243,769
Interest	-	24,099
Payments	-	(267,868)
Non-Current Portion	-	-
	<u>-</u>	<u>-</u>
<b>Mutual Credit Finance - 10570</b>		
Opening Balance	133,046	196,161
Interest	13,465	22,671
Payments	(85,701)	(85,785)
Total Outstanding	<u>60,810</u>	<u>133,047</u>
Current Portion due	60,810	72,182
Non-Current Portion	<u>-</u>	<u>60,864</u>
<b>Mutual Credit Finance - 10593</b>		
Opening Balance	40,130	-
Advance	-	51,030
Interest	4,380	4,685
Payments	(20,751)	(15,585)
Total Outstanding	<u>23,759</u>	<u>40,130</u>
Current Portion due	18,701	16,350
Non-Current Portion	<u>5,058</u>	<u>23,780</u>
<b>Mutual Credit Finance - 10585</b>		
Opening Balance	74,345	-
Advance	-	112,148
Interest	8,067	10,319
Payments	(39,733)	(48,122)
Total Outstanding	<u>42,679</u>	<u>74,345</u>
Current Portion due	36,189	31,641
Non-Current Portion	<u>6,490</u>	<u>42,704</u>
<b>Mutual Credit Finance - 10614</b>		
Opening Balance	98,756	-
Advance	-	101,030
Interest	12,620	1,179
Payments	(111,376)	(3,453)
Total Outstanding	<u>-</u>	<u>98,756</u>
Current Portion due	-	29,452
Non-Current Portion	<u>-</u>	<u>69,304</u>

**Constellation Communities Trust Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2015**

<b>Mutual Credit Finance - 10621</b>		
Opening Balance	50,530	-
Advance	-	50,530
Interest	6,042	-
Payments	(20,653)	-
Total Outstanding	<u>35,919</u>	<u>50,530</u>
Current Portion due	16,822	14,561
Non-Current Portion	<u>19,097</u>	<u>35,969</u>
<b>Mutual Credit Finance - 10640</b>		
Advance	218,930	-
Interest	6,839	-
Payments	(48,516)	-
Total Outstanding	<u>177,253</u>	<u>-</u>
Current Portion due	57,433	-
Non-Current Portion	<u>119,820</u>	<u>-</u>
<b>Mutual Credit Finance - 10626</b>		
Advance	101,030	-
Interest	10,297	-
Payments	(34,379)	-
Total Outstanding	<u>76,948</u>	<u>-</u>
Current Portion due	32,901	-
Non-Current Portion	<u>44,047</u>	<u>-</u>
Repayable as follows:		
Current Liability	222,856	164,186
Non Current Liability	<u>194,512</u>	<u>232,621</u>
Total	<u>417,368</u>	<u>396,807</u>

The term loans from Mutual Credit Finance Limited (MCF) are secured over gaming machines and associated equipment in note 3. The interest rates at reporting date for all the loan balances are held in the range of 12.75% to 14.00% p.a.

**7. SHARE CAPITAL**

The share capital of the Company comprises of 3 ordinary shares. All ordinary shares have an equal right to vote, to dividends and to any surplus on winding up. All share capital are uncalled as at year end.

**8. SUBSEQUENT EVENTS**

There have been no events subsequent to reporting date that materially affect the year's results.

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Constellation Communities Trust Limited

#### Report on the Financial Statements

We have audited the financial statements of Constellation Communities Trust Limited on page 3 to 10, which comprise the statement of financial position as at 31 December 2015, and the statement of financial performance and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Director's Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interest in, Constellation Communities Trust Limited.

#### CST Nexia Audit

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**INDEPENDENT AUDITOR'S REPORT Continued**

**Opinion**

In our opinion, the financial statements on pages 3 to 10 present fairly, in all material respects, the financial position of Constellation Communities Trust Limited as at 31 December 2015, and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand

*CST Nexia Audit*  
**CST Nexia Audit**  
**Chartered Accountants**  
**Manukau City**

**22 March 2016**