



# 2016

# FINANCIAL

# STATEMENTS

The Trustees are pleased to present the Financial Statements of the ILT Foundation for the year ended 31<sup>st</sup> March 2016.

For and on behalf of the Board of Trustees:

A handwritten signature in black ink, appearing to read 'Alan Dennis'.

Alan Dennis  
Chairman

A handwritten signature in black ink, appearing to read 'Mike Mika'.

Mike Mika  
Trustee

2 June 2016

# ILT Foundation

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# ILT Foundation

## Directory

<b>Trustees</b>	Alan Dennis	(Chairman)
	Sean Bellew	
	Mike Mika	
	Angela Newell	
	Suzanne Prentice	
	John Young	
	Christopher Ward	
	Jason McKenzie	
<b>Manager</b>	Jackie Flutey	
<b>Registered Office</b>	252 Dee Street PO Box 1771 INVERCARGILL 9840	
<b>Auditor</b>	Audit New Zealand On behalf of the Controller and Auditor-General	
<b>Legal Advisors</b>	Ward Adams Bryan-Lamb Invercargill	
<b>Bankers</b>	Westpac Banking Corporation Invercargill	

# ILT Foundation

## Statement of Comprehensive Income For the year ended 31 March 2016

	Notes	2016 \$	2015 \$
<b>REVENUE</b>			
Gaming proceeds		9,289,523	8,926,138
Interest income		100,313	103,694
Gain on sale of Plant and Equipment		4,217	11,039
<b>Total revenue</b>		<b>9,394,053</b>	<b>9,040,871</b>
<b>TOTAL REVENUE</b>		<b>9,394,053</b>	<b>9,040,871</b>
<b>EXPENSES</b>			
Gaming duty		2,136,590	2,053,012
Venue payments		1,301,496	1,339,303
Other expenses	5	1,403,545	1,316,591
<b>OPERATING PROFIT/(LOSS) BEFORE GRANTS</b>		<b>4,552,422</b>	<b>4,331,965</b>
Grant expense	8	4,027,188	4,010,891
<b>OPERATING PROFIT/(LOSS)</b>		<b>525,234</b>	<b>321,074</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Movements that will be reclassified to profit or loss in subsequent periods:</i>		-	-
<i>Movements that will not be reclassified to profit or loss in subsequent periods:</i>		-	-
<b>Total other comprehensive income</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>525,234</b>	<b>321,074</b>

These financial statements have been authorised for issue by the trustees on 2 June 2016.

Chairperson

Date

Trustee

Date

# ILT Foundation

## Statement of Financial Position As at 31 March 2016

	Notes	2016 \$	2015 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	6	2,250,537	2,596,036
Short Term Bank Deposits		1,300,000	500,000
Trade and Other Receivables		30,881	35,989
<b>Total current assets</b>		<b>3,581,418</b>	<b>3,132,025</b>
<b>Non-current</b>			
Property, plant and equipment	9	1,150,965	1,073,912
<b>Total non-current assets</b>		<b>1,150,965</b>	<b>1,073,912</b>
<b>TOTAL ASSETS</b>		<b>4,732,383</b>	<b>4,205,937</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and Other Payables	7	433,884	430,151
Grants Allocated but Unpaid	8	657,043	659,491
Employee entitlements	11	6,535	6,608
<b>Total current liabilities</b>		<b>1,097,462</b>	<b>1,096,250</b>
<b>TOTAL LIABILITIES</b>		<b>1,097,462</b>	<b>1,096,250</b>
<b>NET ASSETS</b>		<b>3,634,921</b>	<b>3,109,687</b>
<b>FOUNDATION EQUITY</b>			
Undistributed net proceeds		1,452,881	927,647
Capital asset reserve		1,150,965	1,073,912
Depreciation reserve funds		1,031,075	1,108,128
<b>FOUNDATION EQUITY</b>	10	<b>3,634,921</b>	<b>3,109,687</b>

# ILT Foundation

## Statement of Changes in Equity For the year ended 31 March 2016

	Notes	Undistributed net proceeds	Capital Asset reserve	Depreciation reserve	Total
		\$	\$	\$	\$
Balance 1 April 2015		927,647	1,073,912	1,108,128	3,109,687
Profit / (Loss) for the year before grants		4,552,422	-	-	4,552,422
Grants Expense		(4,027,188)	-	-	(4,027,188)
<b>Total comprehensive income</b>		<b>525,234</b>	<b>-</b>	<b>-</b>	<b>525,234</b>
Transfer to/ (from) equity reserves in the year		-	77,053	(77,053)	-
<b>Balance 31 March 2016</b>	<b>10</b>	<b>1,452,881</b>	<b>1,150,965</b>	<b>1,031,075</b>	<b>3,634,921</b>
Balance 1 April 2014		606,573	1,062,420	1,119,620	2,788,613
Profit / (Loss) for the year before grants		4,331,965	-	-	4,331,965
Grants Expense		(4,010,891)	-	-	(4,010,891)
<b>Total comprehensive income</b>		<b>321,074</b>	<b>-</b>	<b>-</b>	<b>321,074</b>
Transfer to/ (from) equity reserves in the year		-	11,492	(11,492)	-
<b>Balance 31 March 2015</b>		<b>927,647</b>	<b>1,073,912</b>	<b>1,108,128</b>	<b>3,109,687</b>



# ILT Foundation

## Statement of Cash Flows

For the year ended 31 March 2016

	Notes	2016 \$	2015 \$
Cash flow from operating activities			
<i>Cash was provided from/(applied to):</i>			
Income received from gaming proceeds		9,289,523	8,926,138
Interest received		105,066	105,531
Payments to suppliers, employees and trustees		(4,283,698)	(4,179,706)
Grants paid	8	(4,029,636)	(3,711,400)
GST (net)		25,296	(18,444)
<b>Net cash from/(used in) operating activities</b>		<b>1,106,551</b>	<b>1,122,119</b>
Cash flow from investing activities			
<i>Cash was provided from/(applied to):</i>			
Acquisition of property, plant and equipment		(674,006)	(558,753)
Disposal of property, plant and equipment		21,956	33,495
Purchase of investments		(800,000)	(500,000)
<b>Net cash from/(used in) investing activities</b>		<b>(1,452,050)</b>	<b>(1,025,258)</b>
Cash flow from financing activities			
<i>Cash was provided from/(applied to):</i>		-	-
<b>Net cash from/(used in) financing activities</b>		<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents		(345,499)	96,861
Cash and cash equivalents, beginning of the year		2,596,036	2,499,175
<b>Cash and cash equivalents at end of the year</b>	<b>6</b>	<b>2,250,537</b>	<b>2,596,036</b>

# ILT Foundation

## Notes to the financial statements for the year ended 31 March 2016

### 1 Reporting entity

The ILT Foundation was formed by Trust Deed dated 2 August 2005 and is a registered Charitable Trust in terms of the Charitable Trusts Act 1957. It operates Electronic Video Gaming Machines licensed by the Department of Internal Affairs in various premises owned by the Invercargill Licensing Trust.

The financial statements were authorised for issue by the Board of Trustees on 2 June 2016.

### 2 Basis of preparation

The financial statements have been prepared in accordance with NZ Generally Accepted Accounting Practice (NZ GAAP) and comply with the New Zealand equivalent to International Financial Reporting Standards (NZ IFRS). Under the terms of the Accounting Standards Framework issued by the External Reporting Board (XRB) the ILT Foundation has designated itself a Tier 2 for profit entity and therefore applied Tier 2 Accounting Standards (NZ IFRS Reduced Disclosure Regime).

The Foundation is a qualifying Tier 2 entity as it meets the following criteria:

- the entity does not have public accountability; and
- the entity's expenses are less than \$30 million.

The general accounting principles as appropriate for the measurement and reporting of results and financial position under the historical cost method have been followed in the preparation of these financial statements. The accrual basis of accounting has been used unless otherwise stated.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Foundation is New Zealand dollars.

The accounting policies that have been applied to these financial statements are based on the External Reporting Board Standard A1, Accounting Standards Framework (For-profit Entities Update). The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### (a) Comparatives

The comparative financial period is 12 months.

The net asset position and net profit or loss reported in comparatives is consistent with previously authorised financial statements.

#### (b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, the impact of new and amended standards and interpretations applied in the year was limited to additional note disclosures.

### 3 Underlying Fundamental Assumptions

A key significant assumption underlying the preparation of the Foundation's financial statements under the going concern assumption is that the Foundation will continue to have its Class 4 Gambling License renewed annually by the Department of Internal Affairs.



# ILT Foundation

## Notes to the financial statements for the year ended 31 March 2016

### Summary of significant accounting policies

The accounting policies of the Foundation have been applied consistently to all years presented in these financial statements.

The significant accounting policies used in the preparation of these financial statements are summarised below:

#### (a) Income

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Foundation and revenue can be reliably measured. Revenue is measured at the fair value of consideration received.

The Foundation assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only the portion of revenue earned on the Foundation's own account is recognised as gross revenue in the Profit or Loss.

The following specific recognition criteria must be met before revenue is recognised:

#### (i) Gaming proceeds

Net income from the operation of gaming machines is recognised when funds have been transferred to the Foundation's bank account from the Site Operators. Deposits in transit from Site Operators are also included. Income comprises the net proceeds of gaming machines owned and operated by the Foundation after the deduction of prizes to the participants.

#### (ii) Interest income

Interest income is recognised as it accrues, using the effective interest method.

#### (b) Venue payments

These costs are expensed on a monthly basis. They relate to the provision of Venue and Financial services provided by the Invercargill Licensing Trust, under the terms of a Licence Agreement, exclusively for the Foundation's gaming machines. The Agreement is for a period of three years expiring on 31 March 2018 and can be cancelled with one month's notice by either party.

#### (c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits in transit, cheques account funds, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less.

Short term bank deposits are bank term deposits with maturities greater than three months but less than one year. They are recorded at cost, which is considered to be their fair value.

#### (d) Trade and other receivables

Trade debtors and other receivables are measured at their cost less any impairment losses.

An allowance for impairment is established where there is objective evidence the Foundation will not be able to collect all amounts due according to the original terms of the receivable.

#### (e) Creditors and other payables

Trade creditors and other payables are stated at cost.

# ILT Foundation

## Notes to the financial statements for the year ended 31 March 2016

### (f) Financial instruments

The Foundation has policies to manage the risks associated with financial instruments. The Foundation is risk averse and seeks to minimise exposure from its treasury activities. These policies do not allow any transactions that are speculative in nature to be entered into.

#### (i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value.

Cash and cash equivalents comprise cash balances and call deposits.

#### Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

All financial assets held by the Foundation in the years reported have been designated into one classification, "loans and receivables", being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment.

### (g) Property, plant and equipment

Property, Plant and Equipment are valued at cost less accumulated depreciation and impairment losses.

#### Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Foundation and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

#### Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Foundation and the cost of the item can be measured reliably.

All repairs and maintenance expenditure is charged to profit or loss in the year in which the expense is incurred.

#### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the profit or loss.

When an item of property, plant or equipment is disposed of, the gain or loss recognised in the surplus or deficit is calculated as the difference between the net sale proceeds and the carrying amount of the asset.

#### Depreciation

Depreciation is provided for using the Diminishing Value method in order to recognise the high first few years reduction in value of gaming equipment. The following rates are applied:

Gaming Machines and Associated Equipment	33% D.V.
Motor Vehicles	21.6% D.V.

The residual value, useful life, and depreciation methods of property, plant and equipment is reassessed annually.

## Notes to the financial statements for the year ended 31 March 2016

### (h) Impairment

The carrying amounts of the Foundation's assets are reviewed at each balance date to determine whether there is any indication of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the profit or loss.

### (i) Non-financial assets

The carrying amounts of the Foundation's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

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

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

### (i) Employee entitlements

Short-term employee benefits

Employee benefits, previously earned from past services, that the Foundation expects to be settled within 12 months of reporting date are measured based on accrued entitlements at current rate of pays.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date.

### (j) Income tax

The Financial Statements do not include any provision for income tax. The ILT Foundation, being a registered Charitable Trust and earning income solely from gaming machine activities, is exempt from income tax.

### (k) Goods and Services Tax (GST)

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

### (l) Grant expenditure

Grants expensed to the profit or loss for the year represent:

(i) Grants that have been applied for during the year, and which have been approved and allocated for payment by the Trustees, but not necessarily paid out by balance date.

(ii) Grants that have been returned to the Foundation during the year.

Grants allocated but unpaid at balance date are recorded in the Statement of Financial Position (refer Note 8).



# ILT Foundation

## Notes to the financial statements for the year ended 31 March 2016

### (m) Statement of cash flows

For the purpose of the statement of cashflows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. The following terms are used in the statement of cash flows;

- Operating activities are the principal revenue producing activities of the Foundation and other activities that are not investing or financing activities;
- Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents; and
- Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowing of the entity.

### (n) Goods and Services Tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

### (o) New standards adopted and interpretations not yet adopted

Certain new accounting standards have been published that are not mandatory for the current reporting period. It is not expected that these standards will have any material impact on the financial statements.

## 4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements relate to the valuation of investments and are discussed further in note 3 above.

## 5 Other expenses

The following amounts were expensed in the profit / (loss) for the year:

	2016 \$	2015 \$
Audit fees	18,629	18,225
Depreciation	538,507	499,823
Loss on disposal of property, plant and equipment	40,707	24,982
Problem gambling levy	139,947	134,472
Personnel costs	161,464	138,239
Sundry operating expenses	504,291	500,850
<b>Total</b>	<b>1,403,545</b>	<b>1,316,591</b>

## 6 Cash and cash equivalents

	2016 \$	2015 \$
Bank balances	1,470,537	1,796,036
Short term bank deposits - less than 3 months	780,000	800,000
<b>Total cash and cash equivalents</b>	<b>2,250,537</b>	<b>2,596,036</b>

The carrying amount of cash and cash equivalents approximates their fair value.

The effective interest rate on short term bank deposits in 2016 was 3.1% (2015: 3.15%).

# ILT Foundation

## Notes to the financial statements for the year ended 31 March 2016

### 7 Trade and Other Payables

	2016	2015
	\$	\$
Trade and other payables	433,884	430,151
<b>Total payables</b>	<b>433,884</b>	<b>430,151</b>

### 8 Grants Allocated but Unpaid

	2016	2015
	\$	\$
Grants allocated but unpaid	657,043	659,491
<b>Total payables - Allocated Grants</b>	<b>657,043</b>	<b>659,491</b>

*Grants allocated but unpaid comprise:*

	2016	2015
	\$	\$
Opening balance	659,491	360,000
Allocated at Trustees' meetings during the year	4,080,329	4,051,322
Allocated grants paid during the year	(4,029,636)	(3,711,400)
Allocated grants returned	(53,141)	(40,431)
<b>Total grants approved during the year</b>	<b>657,043</b>	<b>659,491</b>



# ILT Foundation

## Notes to the financial statements for the year ended 31 March 2016

### 9 Property, plant and equipment

Movements for each class of property, plant and equipment are as follows:

	Gaming assets	Motor vehicle	Total
	\$	\$	\$
<b>2016</b>			
<b>Gross carrying amount</b>			
Opening balance	5,407,690	34,975	5,442,665
Additions	674,006	-	674,006
Disposals	(906,508)	-	(906,508)
Closing balance	<b>5,175,188</b>	<b>34,975</b>	<b>5,210,163</b>
<b>Accumulated depreciation and impairment</b>			
Opening balance	4,356,756	11,997	4,368,753
Depreciation for the year	533,544	4,963	538,507
Impairment charge for the year	-	-	-
Depreciation written back on disposal	(848,062)	-	(848,062)
Closing balance	<b>4,042,238</b>	<b>16,960</b>	<b>4,059,198</b>
<b>Carrying amount 31 March 2016</b>	<b>1,132,950</b>	<b>18,015</b>	<b>1,150,965</b>

	Gaming assets	Motor vehicle	Total
	\$	\$	\$
<b>2015</b>			
<b>Gross carrying amount</b>			
Opening balance	5,285,107	34,975	5,320,082
Additions	558,753	-	558,753
Disposals	(436,170)	-	(436,170)
Closing balance	<b>5,407,690</b>	<b>34,975</b>	<b>5,442,665</b>
<b>Accumulated depreciation and impairment</b>			
Opening balance	4,251,996	5,666	4,257,662
Current year depreciation	493,492	6,331	499,823
Impairment charge for the year	(388,732)	-	(388,732)
Closing balance	<b>4,356,756</b>	<b>11,997</b>	<b>4,368,753</b>
<b>Carrying amount 31 March 2015</b>		<b>22,978</b>	<b>1,073,912</b>

# Notes to the financial statements for the year ended 31 March 2016

## 10 Foundation equity

	Undistributed net proceeds	Capital asset reserve	Depreciation reserve funds	Total
	\$	\$	\$	\$
Balance at 1 April 2014	606,573	1,062,420	1,119,620	2,788,613
Total operating profit before grants	4,331,965	-	-	4,331,965
Grants allocated during the year	(4,051,322)	-	-	(4,051,322)
Grants returned during the year	40,431	-	-	40,431
Assets purchased during the year	-	558,753	(558,753)	-
Assets sold during the year	-	(33,495)	33,495	-
Depreciation, gains and losses for the year	-	(513,766)	513,766	-
<b>Balance at 31 March 2015</b>	<b>927,647</b>	<b>1,073,912</b>	<b>1,108,128</b>	<b>3,109,687</b>
Balance at 1 April 2015	927,647	1,073,912	1,108,128	3,109,687
Total operating profit before grants	4,552,422	-	-	4,552,422
Grants allocated during the year	(4,080,329)	-	-	(4,080,329)
Grants returned during the year	53,141	-	-	53,141
Assets purchased during the year	-	674,006	(674,006)	-
Assets sold during the year	-	(21,956)	21,956	-
Depreciation, gains and losses for the year	-	(574,997)	574,997	-
<b>Balance at 31 March 2016</b>	<b>1,452,881</b>	<b>1,150,965</b>	<b>1,031,075</b>	<b>3,634,921</b>

### Capital asset reserve

The Capital asset reserve represents the equity held in the gaming assets of the Foundation. This is equivalent to the book value of gaming assets at balance date.

### Depreciation reserve funds

The Depreciation reserve fund represents funds accumulated from depreciation expense at balance date that have not yet been spent on asset replacements but are available for future expenditure.

## 11 Employee entitlements

	2016	2015
	\$	\$
<b>Current</b>		
Annual leave entitlements	6,535	6,608
<b>Total</b>	<b>6,535</b>	<b>6,608</b>

Short-term employee entitlements represent the Foundation's obligation to its current and former employees that are expected to be settled within 12 months of balance date. These mainly consist of accrued holiday entitlements at the reporting date.

# ILT Foundation

## Notes to the financial statements for the year ended 31 March 2016

### 12 Financial instruments

#### (a) Classification of financial instruments

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

2016	Financial assets at fair value through surplus or deficit	Loans and receivables	Financial liabilities at amortised cost	Total carrying amount	Fair value
<b>Financial assets</b>					
Trade and other receivables	-	30,881	-	30,881	30,881
Cash and cash equivalents	-	2,250,537	-	2,250,537	2,250,537
Short Term Bank Deposits	-	1,300,000	-	1,300,000	1,300,000
<b>Total current assets</b>	-	<b>3,581,418</b>	-	<b>3,581,418</b>	<b>3,581,418</b>
<b>Total assets</b>	-	<b>3,581,418</b>	-	<b>3,581,418</b>	<b>3,581,418</b>
<b>Financial liabilities</b>					
Trade and other payables	-	-	433,884	433,884	433,884
Grants allocated but not paid	-	-	657,043	657,043	657,043
<b>Total current liabilities</b>	-	-	<b>1,090,927</b>	<b>1,090,927</b>	<b>1,090,927</b>
<b>Total liabilities</b>	-	-	<b>1,090,927</b>	<b>1,090,927</b>	<b>1,090,927</b>

2015	Financial assets at fair value through surplus or deficit	Loans and receivables	Financial liabilities at amortised cost	Total carrying amount	Fair value
<b>Financial assets</b>					
Trade and other receivables	-	35,989	-	35,989	35,989
Cash and cash equivalents	-	2,596,036	-	2,596,036	2,596,036
Short Term Bank Deposits	-	500,000	-	500,000	500,000
<b>Total current assets</b>	-	<b>3,132,025</b>	-	<b>3,132,025</b>	<b>3,132,025</b>
<b>Total assets</b>	-	<b>3,132,025</b>	-	<b>3,132,025</b>	<b>3,132,025</b>
<b>Financial liabilities</b>					
Trade and other payables	-	-	430,151	430,151	430,151
Grants allocated but not paid	-	-	659,491	659,491	659,491
<b>Total current liabilities</b>	-	-	<b>1,089,642</b>	<b>1,089,642</b>	<b>1,089,642</b>
<b>Total liabilities</b>	-	-	<b>1,089,642</b>	<b>1,089,642</b>	<b>1,089,642</b>



# ILT Foundation

## Notes to the financial statements for the year ended 31 March 2016

### 13 Related party transactions

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the Foundation.

The Foundation has a related party relationship with its Trustees and other key management personnel.

#### Transactions with related parties

##### (a) Related party transactions

The **Invercargill Licensing Trust** was primarily responsible for the establishment of the ILT Foundation in August 2005. The ILT Foundation operates under its own Trust Deed and is controlled by its own Trustees, some of whom are Invercargill Licensing Trust Trustees. The following are trustees on both entities: Alan Dennis, Mike Mika, John Young, Sean Bellew, Suzanne Prentice, Angela Newell.

The ILT Foundation has contracts with the Invercargill Licensing Trust, approved by the Department of Internal Affairs, to operate gaming machines and other activities in their licensed premises. During the period payments to the Invercargill Licensing Trust for site rentals, administration and other services amounted to \$1,361,306 (\$1,400,274 in 2015).

As at 31 March 2016, \$12,072 was owing by the Invercargill Licensing Trust to the ILT Foundation, which was later settled in the normal course of business (ILT Foundation owed Invercargill Licensing Trust \$4,146 in 2015).

Legal services are provided to the ILT Foundation by Ward Adams Bryan-Lamb where Christopher Ward (Trustee) is a Senior partner. The value of services provided during the year was \$4,595 (nil in 2015).

Several of the Trustees of the Foundation and key management personnel have a key relationship with organisations which were recipients of grants during the year. The details are as follows:

Trustee	Recipient organisation	Trustee's relationship to recipient organisation	Grant amount 2016 \$	Grant amount 2015 \$
Alan Dennis	Invercargill City Council	Councillor	77,258	73,500
	Southland Indoor Leisure Centre Charitable Trust	Deputy Chairman	250,000	200,000
			<b>327,258</b>	<b>273,500</b>
Sean Bellew	Southland Racing Club	President	10,000	10,000
			<b>10,000</b>	<b>10,000</b>
Chris Ward	Southland Indoor Leisure Centre Charitable Trust	Solicitor	250,000	200,000
			<b>250,000</b>	<b>200,000</b>
Mike Mika	Murihiku Maori and Pacifica Cultural Trust	Trustee	21,000	21,000
			<b>21,000</b>	<b>21,000</b>
Angela Newell	Shakespeare in the Park Charitable Trust	Trustee	6,000	6,000
	Venture Southland	Employee	50,500	55,500
			<b>56,500</b>	<b>61,500</b>
John Young	Head Injury Society of Southland Incorporated Rugby Southland	Honorary Solicitor	8,000	8,000
		Appeals Officer	-	340,000
			<b>8,000</b>	<b>348,000</b>
Jason McKenzie	Talent Development Southland	Employee	56,000	2,900
	Touch Southland	Service provider	35,000	-
	Phoenix Synchro Southland	Service provider	-	10,000
			<b>91,000</b>	<b>12,900</b>

# ILT Foundation

## Notes to the financial statements for the year ended 31 March 2016

### (b) Trustees remuneration

Trustees have received remuneration for their services to the value of \$47,450 during the year (2015: \$48,126)

### (c) Key management compensation

The Group have a related party relationship with its key management personnel. Key management personnel include the Board and Senior Management of the Trust.

*Key management personnel compensation includes the following expenses:*

	2016 \$	2015 \$
Salaries and other short-term employee benefits	171,040	150,036
Termination benefits	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
<b>Total remuneration</b>	<b>171,040</b>	<b>150,036</b>
<b>Number of persons recognised as key management personnel</b>	<b>9</b>	<b>9</b>

### 14 Contingent assets and contingent liabilities

The Foundation has no contingent assets or contingent liabilities (2015: none).

### 15 Commitments

There are no commitments in place to purchase new gaming machines and game upgrades as at 31 March 2016 (2015: nil).

### 16 Events after the reporting period

There were no significant events after the balance date.



# **ILT FOUNDATION**

Notes to the financial statements for the year ended 31 March 2016

## **17 Grants to the Community 1 April 2015 to 31 March 2016**

	\$		\$
1000 Days Trust	50,000	Invercargill City Charitable Trust - 2016 Southland Buskers' Festival	12,500
All Saints Badminton Club	1,800	Invercargill City Council - 2016 Schools Swimming Programme	77,528
Aqua Health Inc	2,000	Invercargill City Libraries	10,000
Ascot Community School - 2016 Interactive Whiteboard Teaching & equipment programme (on behalf of all Invercargill Primary Schools)	97,780	Invercargill Community Patrol Charitable Trust	1,000
Ascot Park Racing Consortium Inc	10,000	Invercargill Elim Community Church Trust	20,000
Athletics Southland	4,000	Invercargill Freemasons Hall	7,000
Athletics Southland - scholarship	700	Invercargill Garrison Band/Ascot Park Brass of Invercargill	40,000
Autism New Zealand Southland Branch	5,000	Invercargill Golf Club Inc	2,900
Awarua Communications Museum Inc	2,000	Invercargill Harness Racing Club Inc	10,000
Awarua Whanau Services	250	Invercargill Indoor Bowls Sub Centre	1,200
Badminton Southland	72,000	Invercargill Methodist Parish	2,836
Badminton Southland - scholarship	1,500	Invercargill Musical Theatre Inc	35,000
Barnardos NZ - Invercargill Branch	27,000	Invercargill Netball Centre	50,000
Blue Jay Marching Club	5,500	Invercargill North Parish	2,836
Blues Indoor Bowling Club	400	Invercargill Parents Centre Inc	2,000
Bluff Oyster & Food Festival	5,000	Invercargill Primary School Educational Initiatives Trust - enrich@ILT	265,000
Bluff Rugby Club	2,000	Invercargill Repertory Society Inc	10,000
Bluff School	600	Invercargill Rifle Club	1,000
Bluff Yacht Club	450	Invercargill Rowing Club	10,000
Bowls Southland	46,000	Invercargill Secondary Schools' Network Trust	100,000
Bowls Southland Umpires' Association	200	Invercargill Summer Festival Charitable Trust	10,000
Brigadiers Netball Club	1,000	Invercargill Sunrise Rotary Club	5,000
Bush Haven Native Bird Rehabilitation Trust	1,000	Invercargill Toy & Puzzle Library	2,500
Cancer Society of NZ-Southland Division Inc	6,000	Jet Boating NZ Inc - Southland Branch	1,000
CanTeen Southland	6,000	Jubilee Budget Advisory Service	15,000
CCS Disability Action Southland	12,000	Kew Bowling Club Inc	1,400
Chamber of Commerce Southland - 2016 Young Enterprise Scheme	1,500	Lindisfarne Kindergarten	1,700
Child Matters - Southland	3,000	Makarewa Netball Club	1,000
Citizens Advice Bureau	1,100	Makarewa Playcentre	2,856
City of Invercargill Highland Pipe Band	45,000	Makarewa School	1,000
Collegiate Rugby Football Club Inc	10,000	Makarewa Squash Racquets Club	1,000
Conductive Education (Southern) Charitable Trust	12,000	Miniature Horse Club of Southland (1997) Inc	500
CS Arts Charitable Trust	5,000	Murihiku Maori & Pasifika Cultural Trust - 2015 Polyfest	21,000
Cycling Southland	160,000	Murihiku Swimming Club Inc	1,000
Cycling Southland - 3 scholarships	3,200	Myross Bush Rugby Club	1,000
Dance Opportunities Inc	2,000	Myross Bush School	2,500
Dance Southland Inc - scholarship	1,500	Netball South Zone Inc	150,000
Diabetes Southland Inc	2,900	Omaui Tracks Trust	20,000
Disabilities Resource Centre Southland Charitable Trust	22,500	Orca Swimming Club Inc	1,403
Dive South	5,000	Oreti Park Speedway 1998 - 2 scholarships	1,400
Dodgers Softball Club-Invercargill	5,000	Otago Southland Chinese Association - Invercargill Branch	200
Donovan Primary School	2,500	Otatara Landcare Group	250
Eagles Golfing Society of Southland Inc	300	Otatara School	621
English Language Partners NZ Trust - Southland	3,000	Panthers Softball Club	5,750
Epilepsy Association of NZ - Southland Branch	7,500	Parent to Parent Southland	7,000
Eventing Southland	2,243	Phoenix Synchro (Southland)	30,000
First Presbyterian Church	45,000	Phoenix Synchro (Southland) - 16 scholarships	15,200
Foveaux Harmony Chorus Inc	3,500	Piping & Dancing Association of NZ - Southland	1,800
Friends of Cathedral Music - Southland Branch	1,500	Pirates Old Boys' Rugby Club	15,000
Georgetown Indoor Bowls Club	500	Poppycock Trust	15,000
Golf Southland Inc	25,000	Presbyterian Support Services (Family Works)	67,000
Grasmere Indoor Bowls Club	350	Probus Club Invercargill Central	400
Greenacres Country Club Inc	19,200	Queens Park Association Football Club	5,000
Head Injury Society of Southland Inc	8,000	Queens Park Croquet Club Inc	1,000
Hearing Association Southland Branch	1,383	Queens Park Ladies' Golf Club	700
Heritage South	2,500	Rape & Abuse Support Centre Southland Inc	40,000
Hockey Southland Inc	75,000	Royal Guards Leisure Marching Team	5,000
Hospice Southland Charitable Trust	36,000	Rugby Southland	340,000
ILT Hockey Turf Charitable Trust	5,000	Rugby Southland Supporters Club	5,500
Invercargill Citizens Bowling Club	4,500	Salford School	2,500
		Shakespeare in the Park Charitable Trust	6,000

## ILT FOUNDATION

Notes to the financial statements for the year ended 31 March 2016

### 17 Grants to the Community 1 April 2015 to 31 March 2016 (continued)

	\$		\$
Southend United Junior Football Club Inc	1,800	Southland Secondary Schools' Sport	12,000
Southern District Health Board - Incubator Programme 2016 year	3,500	Southland Ski Club - scholarship	1,200
Southern Gold Marching Team	868	Southland Society of Model Engineers Inc	2,000
Southern Grass Go-Kart Club	5,000	Southland Softball Association	40,000
Southern Institute of Technology - 2015 Trade Scholarships	10,000	Southland Softball Association - 2 scholarships	1,500
Southern Miniature Horse Club 1994 Inc	500	Southland Sports Car Club	20,000
Southern Models & Modellers Club	500	Southland Sports Car Club - scholarship	700
Southern Railway & Modellers Club	1,000	Southland Stock Car Drivers Association	5,500
Southland A & P Association	4,000	Southland Ten Pin Bowling Association Inc - scholarship	700
Southland ACC Advocacy Trust	5,000	Southland Tennis Association Inc	55,000
Southland Aero Club Inc	10,000	Southland Triathlon & Multisport Club	9,800
Southland Archery Club - scholarship	1,500	Southland Triathlon & Multisport Club - scholarship	700
Southland Art Society Inc	34,000	Southland Woodworkers Guild	1,263
Southland Asthma Society	24,000	Southland Youth One Stop Shop Trust	25,000
Southland Basketball Association	82,000	Sport Southland	163,500
Southland Basketball Association - 5 scholarships	3,500	Squash Southland	40,000
Southland Beneficiaries and Community Rights	25,000	St Andrew's Indoor Bowling Club	500
Southland Billiards and Snooker Association	4,000	Stadium Southland - 2017 World Sheep Shearing & Handling Championships	15,000
Southland Bird Club	1,500	Star Rugby Football Club	15,000
Southland Boxing Association Inc	4,000	Strings of Southland Charitable Trust	2,200
Southland Canoe Club	1,500	Swim Southland	70,000
Southland Christmas Parade Charitable Trust	6,000	Takitimu Home Anglican Care Trust	15,000
Southland Community Broadcasters Charitable Trust	2,000	Talent Development Southland Charitable Trust	56,000
Southland Community Nursery Conservation Trust	5,000	Thistle AFC Inc	1,500
Southland Competitions Society Inc	3,500	TOA Fighting Systems Southland Inc - 2 scholarships	2,400
Southland Cricket Association	115,000	Touch Southland	37,500
Southland Darts Association	1,600	Touch Southland - 2 scholarships	1,400
Southland Darts Association - scholarship	700	Venture Southland - 2016 Kidzone Festival; Southland Festival of the Arts 2016	50,500
Southland District Rugby Football League Inc	45,000	Volleyball Southland Inc	32,000
Southland Education	15,000	Volleyball Southland Inc - 2 scholarships	2,100
Southland Equestrian Centre	1,500	Waihopai Association Football Club	5,000
Southland Filipino Society	1,000	Waihopai Bowling Club Inc	10,000
Southland Fire Service Museum Society	5,000	Waihopai Playcentre	1,232
Southland Foodbank Charitable Trust	20,000	Waihopai School	2,180
Southland Football Incorporated	75,000	Waikiki Highland Piping and Dancing Society	1,000
Southland Football Incorporated - scholarship	1,000	Waikiki Rugby Club	15,000
Southland Girls' High School	2,500	Western FC	1,500
Southland Golf Club Inc	1,750	Windsor North School	2,000
Southland Greyhound Adoption Trust	1,000	Worldskills Southland - scholarship	1,200
Southland History Fair	2,000	YMCA Charitable Trust Southland	32,500
Southland Indoor Bowls Centre Inc	22,000	Young Spirit Indoor Bowls Club	200
Southland Indoor Bowls Centre Inc - scholarship	400	Youth Development Southland Region Trust - 2016 'Kiwi Can'	23,000
Southland Indoor Bowls Umpires' Association	500	& 'Career Navigator' programmes	
Southland Indoor Leisure Centre Charitable Trust	250,000	Youthline Southland Inc	2,500
ILT Stadium Southland			
Southland Kennel Association	500		
Southland Life Education Community Trust	5,000	Grants Refunded - Not Required	-53,140
Southland Mature Employment Services	5,000		
Southland Motorcycle Club Inc - 2015 Burt Munro Challenge;	47,400		
2016 Superbike Nationals; 2016 Southland Moto-X Championships		<b>TOTAL GRANTS</b>	<b>\$4,027,188</b>
Southland Mountain Bike Club	5,000		
Southland Multicultural Council Inc	8,000		
Southland Multiple Sclerosis Society Inc	17,500		
Southland Musicians Club	2,000		
Southland Olympic Weightlifting Inc - 5 scholarships	5,000		
Southland Piping & Drumming Development Trust	35,000		
Southland Power Boat Club	4,500		
Southland Riding for the Disabled	2,000		
Southland Rodeo Association Inc	5,500		
Southland Rowing Association Inc	8,200		
Southland Rowing Association Inc - scholarship	1,500		
Southland Science & Technology Fair	1,500		



## **Independent Auditor's Report**

### **To the Board of Trustees of ILT Foundation**

The Auditor-General is the auditor of ILT Foundation (the Foundation). The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to carry out the audit of the Foundation's annual report on the conduct of class 4 gambling for the year ended 31 March 2016, on her behalf.

### **Opinion**

We have audited the annual report on the conduct of class 4 gambling by the Foundation on pages 2 to 18 that comprises:

- the itemised statement of the application or distribution of net proceeds from class 4 gambling for authorised purposes for the year ended 31 March 2016, and
- the financial statements which comprise the statement of financial position as at 31 March 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion:

- the Foundation's itemised statement of the application or distribution of net proceeds from class 4 gambling for authorised purposes is presented fairly, in all material respects;
- the Foundation's financial statements:
  - present fairly, in all material respects:
    - its financial position as at 31 March 2016; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards with reduced disclosure requirements.

Our audit was completed on 2 June 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Trustees and our responsibilities, and we explain our independence.

## **Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the annual report is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the annual report. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Foundation's annual report 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 Foundation's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Trustees;
- the adequacy of the disclosures in the annual report; and
- the overall presentation of the annual report.

We did not examine every transaction, nor do we guarantee complete accuracy of the annual report. Also we did not evaluate the security and controls over the electronic publication of the annual report.

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

## **Responsibilities of the Board of Trustees**

The Board of Trustees are responsible for preparing an annual report on the conduct of class 4 gambling by the Foundation. The annual report is required to include:

- an itemised statement of application or distribution of net proceeds from class 4 gambling for authorised purposes that is fairly presented; and
- financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards with reduced disclosure requirements.

The Board of Trustees' responsibilities arise from the Gambling Act 2003.

The Board of Trustees are also responsible for such internal control as they determine is necessary to enable the preparation of the annual report which is free from material misstatement, whether due to fraud or error. The Board of Trustees are also responsible for the publication of the financial statements, whether in printed or electronic form.

### **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the annual report and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

### **Independence**

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Foundation.



John Mackey  
Audit New Zealand  
On behalf of the Auditor-General  
Dunedin, New Zealand