

COPY




North & South Trust

THE NORTH & SOUTH TRUST LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2012

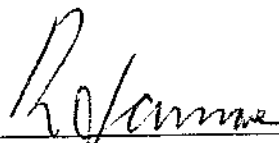
The Directors are pleased to present their annual report, including the financial statements, for the year ended 31 March 2012.

For and on behalf of The North & South Trust Limited



Director

16. 5. 2012
Date



Director

16. 5. 2012
Date

THE NORTH & SOUTH TRUST LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2012

Financial Statements

Page 3	Statement of financial performance
Page 3	Statement of movements in accumulated trust funds
Page 4	Statement of financial position
Page 5 - 6	Statement of significant accounting policies
Pages 6 - 8	Notes to the financial statements
Pages 9 - 10	Audit report

THE NORTH & SOUTH TRUST LIMITED

COPY

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 \$	2011 (14 months) \$
Operating revenue	3	8,523,640	425,164
Expenditure			
Gaming machine duty		1,958,995	97,788
Site rental		1,145,219	68,082
Legal fees & Consulting		156,819	71,800
Depreciation	4	444,415	19,817
Interest expense		149,531	1,323
Bad Debt Provision		34,741	-
Audit fee		9,175	3,500
Sundry expenses		856,669	51,457
Total expenses		<u>4,755,564</u>	<u>313,767</u>
Operating surplus before distributions		<u>3,768,076</u>	<u>111,397</u>

THE NORTH & SOUTH TRUST LIMITED

STATEMENT OF MOVEMENTS IN ACCUMULATED TRUST FUNDS

FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 \$	2011 (14 months) \$
Operating surplus before distributions		<u>3,768,076</u>	<u>111,397</u>
Total recognised revenues and expenses		3,768,076	111,397
Less distributions relating to the current period		<u>(3,602,374)</u>	<u>(50,000)</u>
Net movement in accumulated trust funds		165,702	61,397
Accumulated funds at 1 April 2011		<u>61,397</u>	-
Accumulated funds at 31 March 2012	5	<u>227,099</u>	<u>61,397</u>

The attached notes form part of and are to be read in conjunction with these financial statements

THE NORTH & SOUTH TRUST LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2012

	Note	2012 \$	2011 \$
TOTAL ACCUMULATED TRUST FUNDS	5	227,099	61,397
CURRENT ASSETS			
Cash at bank		324,008	-
Accounts receivable		267,870	134,446
Doubtful Debt Provision		(39,952)	-
Prepayments		4,505	-
GST receivable		-	94,417
TOTAL CURRENT ASSETS		556,431	228,863
NON CURRENT ASSETS			
Property, plant and equipment	8	2,144,289	817,111
TOTAL NON CURRENT ASSETS		2,144,289	817,111
TOTAL ASSETS		2,700,720	1,045,974
CURRENT LIABILITIES			
Bank overdraft		-	18,622
Accounts payable		88,899	46,357
Accruals		9,000	18,899
Duty Payable		260,933	50,454
GST / PAYE payable		161,120	-
Finance leases – secured	10	760,139	262,042
TOTAL CURRENT LIABILITIES		1,280,091	396,374
NON CURRENT LIABILITIES			
Finance leases – secured	10	1,193,530	588,203
TOTAL NON CURRENT LIABILITIES		1,193,530	588,203
TOTAL LIABILITIES		2,473,620	984,577
NET ASSETS		227,099	61,397

The attached notes form part of and are to be read in conjunction with these financial statements

THE NORTH & SOUTH TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

I. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION

The North & South Trust Limited (the "Company") was incorporated on 10 February 2010 under the Companies Act 1993, and commenced trading from 7 December 2010.

The Company was incorporated due to the Gambling Act 2003 coming into effect from 1 July 2004, which required gaming machine licence holders to be incorporated bodies.

These financial statements have been prepared in compliance with New Zealand generally accepted accounting practices as defined by the Financial Reporting Act 1993.

They have been prepared on a going concern basis in accordance with historical cost concepts. The financial statements consist of statements of financial performance, movements in accumulated trust funds, financial position and significant accounting policies along with the notes to these statements.

Comparative balances are presented in these financial statements on the basis that the Company elected to present its first financial period as a 14 month period to 31 March 2011.

The Financial Statements were approved by the Directors on the 16th May 2012.

B. DIFFERENTIAL REPORTING

The Company is a qualifying entity under the framework for differential reporting on the basis that it has no public accountability and it is not large.

All available differential reporting exemptions have been applied.

C. SPECIFIC ACCOUNTING POLICIES

Accounts Receivable

Accounts receivable have been stated at their estimated realisable value after providing for specific doubtful debts.

Income Tax

The Company is exempt from income tax under the Income Tax Act 2004. 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 the Department of Internal Affairs.

Property, plant and equipment

All property, plant and equipment have been valued at cost less depreciation and are depreciated in equal annual instalments over their estimated lives.

Furniture and fittings	3 to 5 years
Gaming machines	4 years
Motor Vehicle	5 years

THE NORTH & SOUTH TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

0207

Property, plant and equipment (continued)

Where a fixed asset is disposed of, the gain or loss recognised in the statement of financial performance is calculated as the difference between the sale price and the carrying amount of the fixed asset.

Revenue

Interest income from bank deposit is recognised on an accruals basis.
The Company recognises gaming income on an accruals basis.

Leases

Assets acquired by way of finance lease are stated initially at an amount equal to the present value of the future minimum lease payments, and are depreciated as assets. The interest expense component of finance lease payments is recognised in the statement of financial performance using the effective interest rate method.

Goods and services tax

All amounts are shown exclusive of Goods and Service Tax (GST), except for receivables and payables that are stated inclusive of GST.

Changes in accounting policies

Uniform accounting policies have been applied throughout the Company.

2. 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 of the Constitution of the Company, the grants paid are required to be used to support and encourage amateur games or sport conducted for the benefit of the general public as well as to assist and benefit any charitable, educational, cultural or philanthropic purpose or any other purposes that are beneficial to the public or a section of it.

All gaming machine grants paid by the Company have been appropriately used for the authorised purpose of the promotion and support of amateur sports or to assist and benefit any charitable, educational, cultural or philanthropic purpose or any other purposes that are beneficial to the public or a section of it.

3. OPERATING REVENUE

	2012	2011 (14 months)
	\$	\$
Gaming machine income	8,517,369	425,164
Interest received	6,271	-
Total operating revenue	<u>8,523,640</u>	<u>425,164</u>

THE NORTH & SOUTH TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

4. DEPRECIATION EXPENSES

	2012	2011 (14 months)
	\$	\$
Depreciation:		
Furniture and Fittings	60,106	2,026
Gaming Machines	378,048	17,791
Motor Vehicle	6,261	-
	444,415	19,817

5. ACCUMULATED COMPANY FUNDS

All net surplus generated by the Company is to be paid out in accordance with the constitution and authorised purpose statement as approved by the Department of Internal Affairs under the Company's Class 4 licence to operate gaming machines.

6. RELATED PARTY TRANSACTIONS

During the year the Company engaged the services of Evolve Management Limited to provide Grant Administration and Gaming Consultancy services.

Barbara McComb, a director of the Company, is a shareholder and director of Evolve Management Limited.

The fees paid to Evolve Management Limited during the year were:

Grants Administration	\$19,356
Gaming Consultancy	\$41,460

At balance date \$5,836 was owed by the Company for services provided by Evolve Management Limited.

7. CAPITAL COMMITMENTS

The Company has no capital commitments as at 31 March 2012.

THE NORTH & SOUTH TRUST LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

COOPY

8. PROPERTY, PLANT AND EQUIPMENT

	2012 \$	2011 \$
Furniture and Fittings - cost	365,944	67,113
Accumulated depreciation	55,377	2,026
Net book value	<u>310,567</u>	<u>65,087</u>
Motor Vehicle - cost	41,739	-
Accumulated depreciation	6,261	-
Net book value	<u>35,478</u>	<u>-</u>
Gaming Machines - cost	2,193,875	769,815
Accumulated depreciation	395,631	17,791
Net book value	<u>1,798,244</u>	<u>752,024</u>
Total cost	2,601,558	836,928
Total accumulated depreciation	457,269	19,817
	<u>2,144,289</u>	<u>817,111</u>

Property, plant and equipment with net book values totalling \$1,948,715 are leased by way of finance leases.

9. CONTINGENT LIABILITIES

The Company has no contingent liabilities as at 31 March 2012.

10. FINANCE LEASE LIABILITIES

	2012 \$	2011 \$
Total minimum lease payments due:		
Not later than one year	929,068	345,637
Later than one year but not later than two years	910,132	339,326
Later than two years but not later than five years	386,076	320,391
	<u>2,225,276</u>	<u>1,005,354</u>
Future lease finance charges	(271,607)	(155,109)
Net finance lease liability:	<u>1,953,669</u>	<u>850,245</u>
	2012 \$	2011 \$
Current Portion	760,139	262,042
Non-current Portion	1,193,530	588,203
	<u>1,953,669</u>	<u>850,245</u>

The finance lease liabilities carry interest rates of between 9.17% and 12.5% per annum. The liabilities are secured over the assets of the Company. At the end of the lease the Company has ownership of the assets.



2012

Independent auditor's report

To the shareholders of The North & South Trust Limited

Report on the financial statements

We have audited the accompanying financial statements of The North & South Trust Limited ("the company") on pages 3 to 8. The financial statements comprise the statement of financial position as at 31 March 2012, the statements of comprehensive income and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' 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 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 misstatement 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 company's preparation of the 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 company'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 interests in, the company.

Opinion

In our opinion the financial statements on pages 3 to 8:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the company as at 31 March 2012 and of its financial performance for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by The North & South Trust Limited as far as appears from our examination of those records.

KPMG

16 May 2012

Auckland