
Dragon Community Trust Limited

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

Dragon Community Trust Limited

FINANCIAL STATEMENTS

For the year ended 31 March 2021

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Directory

Dragon Community Trust Limited
For the year ended 31 March 2021

Nature of Business

Dragon Community Trust Limited generates funds for its Authorised Purpose by operating gaming machines in Auckland, Hamilton and Tauranga primarily to support the local Asian communities around New Zealand.

Registered Office

1b Burch Street
Mount Albert
New Zealand 1025

Company Number

3192506

New Zealand Business Number

9429031313940

IRD Number

106-753-134

Directors

Chengyi Li
Jue Qian
Xiaoli Wang
Liping Yang

Independent Auditor

RSM Hayes Audit
Level 1
1, Broadway, Newmarket
Auckland 1023

Bankers

ASB Bank Limited
Bank of New Zealand

Solicitors

True Legal
Hamilton

Approval of Financial Report

Dragon Community Trust Limited

For the year ended 31 March 2021

Directors' Report

The Directors of Dragon Community Trust Limited ("The Company") present this Annual Report, being the financial statements of the Company for the financial year ended 31 March 2021, and the independent auditor's report thereon.

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

Statement of Responsibility

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

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

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

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

The financial statements are prepared on a going concern basis. Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern in the foreseeable future. Please see Note 2.5 and note 18 for further information.

In the Opinion of the Directors

The Statement of Comprehensive Revenue and Expenses is drawn up so as to present fairly, in all material respects of the Company for the financial year ended 31 March 2021.

The Statement of Financial Position is drawn up so as to fairly state the affairs of the Company as at 31 March 2021.

The Statement of Cash Flows is drawn up to present fairly, in all material respects the cash flows of the Company for the financial year ended 31 March 2021.

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

APPROVED

For and on behalf of the Board of Directors.

Director



Date

20/06/21

Director



Date

22.06.2021

RSM Hayes Audit

PO Box 9588
Newmarket, Auckland 1149
Level 1, 1 Broadway
Newmarket, Auckland 1023

T +64 (9) 367 1656
www.rsmnz.co.nz

Independent Auditor's Report

To the Shareholders of Dragon Community Trust Limited

Opinion

We have audited the financial statements of Dragon Community Trust Limited (the "Company"), which comprise:

- the statement of financial position as at 31 March 2021;
- the statement of comprehensive revenue and expenses for the year then ended;
- the statement of changes in net assets/equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

In our opinion, the accompanying financial statements on pages 5 to 15 present fairly, in all material respects, the financial position of Dragon Community Trust Limited as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for opinion

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

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

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

Other than in our capacity as auditor we have no relationship with, or interests, in Dragon Community Trust Limited.

Other information

The directors are responsible for the other information. The other information comprises the Company directory and Directors' report and statement of responsibility on page 1 and 2 (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Who we report to

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

A stylized, handwritten signature of 'RSM' in blue ink.

RSM Hayes Audit
Auckland

23 June 2021

Statement of Comprehensive Revenue and Expenses

Dragon Community Trust Limited
For the year ended 31 March 2021

	Notes	2021 \$	2020 \$
Revenue from exchange transactions	17		
Gaming machine income		12,326,528	10,401,398
Other operating revenue		870	17,402
Total Revenue from exchange transactions		12,327,397	10,418,800
Expenses			
Depreciation	10	1,062,852	791,742
Gaming machine duty & Problem gambling levy		2,934,316	2,500,291
Venue rental		1,966,110	1,657,742
Legal fees and consulting		364,953	333,692
Finance costs	13	112,409	88,894
Other operating expenses	6	833,112	716,333
Total Expenses		7,273,752	6,088,695
Total surplus/(deficit) for the year - before distributions		5,053,645	4,330,105
Less: Distributions		(4,915,074)	(4,416,800)
Surplus/(deficit) after distributions		138,571	(86,695)
Other comprehensive revenue and expense		-	-
Total comprehensive revenue and expense		138,571	(86,695)

The above statement of Comprehensive Revenue and Expenses should be read in conjunction with the notes to the financial statements.

Statement of Changes in Net Assets/Equity

Dragon Community Trust Limited
For the year ended 31 March 2021

	2021	2020
	\$	\$
Equity		
Opening Balance at 1 April	(8,665)	78,031
Profit/(Deficit) for the Period	138,571	(86,695)
Closing equity at 31 March	129,907	(8,665)

The above Statement of Changes in Net Assets/Equity should be read in conjunction with the notes to the financial statements.

Statement of Financial Position

Dragon Community Trust Limited

As at 31 March 2021

	Notes	2021 \$	2020 \$
Assets			
Current Assets			
Cash and cash equivalents	7, 12	700,959	404,558
Receivables from exchange transactions	8, 12	327,238	173,736
Total Current Assets		1,028,197	578,294
Non-Current Assets			
Property, Plant and Equipment	10	1,742,096	1,869,008
Total Non-Current Assets		1,742,096	1,869,008
Total Assets		2,770,293	2,447,302
Liabilities			
Current Liabilities			
Loan Facility - Secured	11, 12	974,393	622,763
Trade and Other Payables	12	847,400	803,290
Total Current Liabilities		1,821,793	1,426,053
Non-Current Liabilities			
Other Non-Current Liabilities	11, 12	818,593	1,029,914
Total Non-Current Liabilities		818,593	1,029,914
Total Liabilities		2,640,387	2,455,967
Total net assets		129,907	(8,665)
Net Assets			
Accumulated comprehensive revenue and expense		129,907	(8,665)
Total net assets attribution		129,907	(8,665)

The above Statement of Financial Position should be read in conjunction with the notes to the financial statements.

For and on behalf of the Board:

Director

Date

20/06/21

Director

Date

22.06.2021

Statement of Cash Flows

Dragon Community Trust Limited
For the year ended 31 March 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
<u>Receipts</u>			
Receipts from exchange transactions		12,183,269	10,516,729
Net GST received / (paid)		99,726	(63,638)
<u>Payments</u>			
Payments to suppliers and employees		(6,139,613)	(4,881,147)
Distributions		(4,915,074)	(4,416,802)
Interest paid		(112,409)	(88,894)
Net cash flows from operating activities		1,115,898	1,066,248
Cash flows from investing activities			
Proceeds from sale of property plant and equipment		0	4,672
Purchase of property, plant and equipment		(941,709)	(1,603,189)
Net cash flows from investing activities		(941,709)	(1,598,517)
Net cash flows from financing activities			
Proceeds from draw down of loans		942,466	1,297,082
Payments of loan principal		(820,254)	(652,857)
Net cash flows from financing activities		122,212	644,225
Net increase/(decrease) in cash and cash equivalents		296,401	111,956
Cash and cash equivalents at 1 April		404,558	292,602
Cash and cash equivalents at 31 March	7	700,959	404,558

The above Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

Dragon Community Trust Limited

For the year ended 31 March 2021

1. REPORTING ENTITY

Dragon Community Trust Limited (the "Company") is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act 2013. The Company was incorporated in New Zealand on 15 November 2010 under the Companies Act 1993, and commenced trading from 29 March 2011 upon the issue of its Class 4 Operator's Licence by the Department of Internal Affairs under the Gambling Act 2003.

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

2. BASIS OF PREPARATION

2.1. Statement of compliance

The financial statements comply with generally accepted accounting practice in New Zealand ("NZ GAAP"). The primary objective of the Company is to apply all of its net proceeds as grants in the application of its Authorised Purpose as per the Gambling (class 4 net proceeds) Regulations 2004. As such the Company is a public benefit entity for the purpose of complying with NZ GAAP. The financial statements of the Company comply with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") for Tier 2 entities issued by the New Zealand External Reporting Board (XRB) and disclosure concessions have been applied. The Company is eligible to report in accordance with PBE Standards RDR because it does not have public accountability and is not large. All reduced disclosure regime exemptions have been adopted. This decision results in the Company not preparing a Statement of Service Performance for both reporting periods. The financial statements for the Company are for the year ended 31 March 2021, and were approved by the Board as stated in page 7.

2.2. Measurement basis

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

2.3. Functional and presentation currency

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

2.4. Changes in accounting policy

There has been no changes to the accounting policies. All policies applied are consistent with prior year.

3. PRINCIPAL ACTIVITY

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

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

4. SIGNIFICANT JUDGMENTS AND ESTIMATES

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

4.1. Judgments

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

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

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

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

4.1.2. Assumptions and estimation uncertainties

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

4.1.3. Useful lives and residual values

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

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

4.1.4. Changes in accounting estimates

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

5. SIGNIFICANT ACCOUNTING POLICIES

5.1. Revenue

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

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

5.1.1 Revenue from exchange transactions

Interest revenue

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

Gaming machine revenue

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

5.1.2. Revenue from non-exchange transactions

The Company did not receive any non-exchange revenue during the current financial period.

5.2. Finance income and finance costs

Finance income comprises interest income on financial assets. Interest income is recognised as it accrues, using the effective interest method. Finance costs comprise interest expense on financial liabilities and finance charges.

5.3. Financial instruments

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

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

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

The Company also derecognises financial assets and financial liabilities when there has been significant changes to the terms and/or the amount of contractual payments to be received/paid.

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

The Company classifies financial assets as loans and receivables.

The Company recognises financial liabilities at amortised cost.

Financial instruments are initially measured at fair value, plus for those financial instruments not subsequently measured at fair value through surplus or deficit, directly attributable transaction costs. Subsequent measurement is dependent on the classification of the financial instrument, and is specifically detailed in the accounting policies below.

Notes to the Financial Statements

Dragon Community Trust Limited

For the year ended 31 March 2021

5.3.1 Loans and receivables

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

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

Loans and receivables comprise cash and cash equivalents and receivables.

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

5.3.2 Amortised cost financial liabilities

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

Financial liabilities classified at amortised cost are subsequently measured at amortised cost using the effective interest method.

5.4. Impairment of financial assets

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

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

5.4.1. Financial assets classified as loans and receivables

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

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

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

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

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

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

5.5. Property, plant and equipment

5.5.1. Recognition and measurement

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

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

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

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

5.5.2. Subsequent expenditure

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

Notes to the Financial Statements

Dragon Community Trust Limited

For the year ended 31 March 2021

5.5.3. Depreciation

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

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

5.6. Impairment of non-financial assets

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

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

5.7. Leases

Classification and treatment

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

Finance leases

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

5.8. Equity

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

Accumulated comprehensive revenue and expense.

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

5.9. Income Tax

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

5.10. Goods and services tax

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

5.11 Distributions to the Community

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

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

For the current financial year the Company has generated net surplus equal to 41.56% of its GST exclusive gross receipts.

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

6. OTHER OPERATING INCOME/EXPENSES

	2021	2020
Operating expenses include the following:	\$	\$
Losses on sale of fixed assets	5,769	33,863
Gaming machine maintenance	152,218	125,071
Servicing of equipment	73,168	33,845
EMS monthly fees	104,749	93,938

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	2021	2020
Current assets:	\$	\$
Cash at bank	700,959	404,558
Total cash and cash equivalents in statement of cash flows	<u>700,959</u>	<u>404,558</u>

The Company has \$150,000 unsecured overdraft facility at reporting date (2020: \$150,000)

8. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2021	2020
	\$	\$
Accounts Receivable	192,919	48,791
Prepayments	134,319	124,945
Total	<u>327,238</u>	<u>173,736</u>

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

There are no receivables from non-exchange transactions.

9. RELATED PARTY TRANSACTIONS AND BALANCES

Compensation of key management personnel an honorarium was paid to Directors of \$84,492 (2020: \$79,800) for services to the Net Proceeds Committee as well as their duties as directors.

10. PROPERTY, PLANT AND EQUIPMENT

	31-Mar-21			31-Mar-20		
	Cost	Acc. Depr	Carrying value	Cost	Acc. Depr	Carrying value
Gaming machines & Equipment	5,652,785	3,910,689	1,742,096	4,736,177	2,867,169	1,869,008
	<u>5,652,785</u>	<u>3,910,689</u>	<u>1,742,096</u>	<u>4,736,177</u>	<u>2,867,169</u>	<u>1,869,008</u>

Reconciliation of property, plant and equipment - March 2021

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Gaming machines & Equipment	1,869,008	941,709	5,769	1,062,852	1,742,096
	<u>1,869,008</u>	<u>941,709</u>	<u>5,769</u>	<u>1,062,852</u>	<u>1,742,096</u>

11. FACILITY SECURED

	Int rate %	Maturity	2021	2020
Current interest bearing loans & borrowings			\$	\$
Secured bank loan	6.13% - 7.95%	2022 - 2024	875,145	541,613
Non-current interest bearing loans & borrowings				
Secured bank loan	6.13% - 7.95%	2022 - 2024	818,593	1,029,914
			1,693,739	1,571,527

At reporting date, all loans were secured over gaming machines and associated equipment in note 10.

12. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

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

	2021	2020
Financial assets	\$	\$
Loans and receivables		
Cash and cash equivalents (assets)	700,959	404,558
Receivables from exchange transactions	192,919	48,791
Receivables from non-exchange transactions	-	-
Total Financial Assets	893,879	453,349

Financial liabilities

At amortised cost

Trade and other creditors (excluding GST and Duty)	400,533	346,313
Loan facility	1,693,739	1,571,527
Total Financial Liabilities	2,094,272	1,917,840

13. NET FINANCE COSTS

Finance income

Interest income from loans and receivables	-	-
--	---	---

Finance expense

Financial liabilities at amortised cost	112,409	88,894
Total Financial Liabilities	(112,409)	(88,894)

	2021	2020
	\$	\$
14. PAYABLES - EXCHANGE TRANSACTIONS		
Accounts payable	284,595	330,464
Accruals	115,939	15,850
Duty payable	331,760	423,498
GST/PAYE payable	214,354	114,629
Total PAYABLES - EXCHANGE TRANSACTIONS	946,648	884,440

15. CAPITAL COMMITMENTS

A new venue is expected to be on-boarded 14th of June 2021, but the supplier has not billed Dragon yet for the venue surrender.

16. CONTINGENT ASSETS AND LIABILITIES

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

	2021	2020
	\$	\$
17. REVENUE		
Revenue from exchange transactions		
Gaming machine income	12,326,528	10,401,398
Other Revenue	870	17,402
	12,327,397	10,418,800

Revenue from non-exchange transactions

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

18. REGULATORY RELIEF DUE TO COVID-19 FOR FY2021

A new regulation (11A) made under section 114 of the Gambling Act was established to improve the liquidity to retain an amount of gross proceeds up to a maximum of 1.5:1 ratio of current assets to current liabilities used as cash reserve only. This is only a temporary measure which only lasts till the end of FY2021. As at 31 Mar 2021, Dragon has a current ratio of 0.57 which is well below the maximum threshold.

Regulations 10(1) and 11 of the Gambling (Class 4 Net Proceeds) Regulations 2004 (Net Proceeds Regulations) have been suspended for each society's 2020 and 2021 financial years. This means that societies which are unable to meet the minimum rate of return to the community (i.e. equivalent to 40 per cent of a society's gross proceeds), will not be penalised for the 2020 and 2021 financial years. As at 31 Mar 2021, Dragon's % of total proceeds distributed in FY2021 is 39.87%.