
Dragon Community Trust Limited

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

Dragon Community Trust Limited

FINANCIAL STATEMENTS

For the year ended 31 March 2022

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Directory

Dragon Community Trust Limited
For the year ended 31 March 2022

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 2022

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 2022, 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 17 for further information.

In the Opinion of the Directors

The Statement of Comprehensive Revenue and Expense is drawn up so as to present fairly, in all material respects, the financial performance of the Company for the financial year ended 31 March 2022.

The Statement of Financial Position is drawn up so as to present fairly, in all material respects, the financial position of the Company as at 31 March 2022.

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 2022.

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

Director

Date

Independent Auditor's Report

To the shareholders of Dragon Community Trust Limited For the year ended 31 March 2022

Opinion

We have audited the financial statements of Dragon Community Trust Limited, which comprise:

- the statement of financial position as at 31 March 2022;
- the statement of comprehensive revenue and expense 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, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 5 to 17 present fairly, in all material respects, the financial position of Dragon Community Trust Limited as at 31 March 2022, 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 entity in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* 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, the entity.

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 pages 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 entity, 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 entity for assessing the entity'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 entity 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 economic 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://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>

Who we report to

This report is made solely to the entity's shareholders, as a body. Our audit has been undertaken so that we might state 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 entity and the entity's shareholders as a body, for our work, for this report, or for the opinions we have formed.



RSM Hayes Audit
Auckland

29 June 2022

Statement of Comprehensive Revenue and Expense

Dragon Community Trust Limited
For the year ended 31 March 2022

	Notes	2022 \$	2021 \$
Revenue from exchange transactions			
Gaming machine income		10,938,991	12,326,528
Other operating revenue		296,095	870
Total Revenue from exchange transactions		11,235,086	12,327,397
Expenses			
Depreciation	10	1,039,123	1,062,852
Gaming machine duty & Problem gambling levy		2,602,448	2,934,316
Venue rental		1,732,394	1,966,110
Legal fees and consulting		342,725	364,953
Finance costs		101,052	112,409
Other operating expenses	6	991,588	833,112
Total Expenses		6,809,330	7,273,752
Total surplus/(deficit) for the year - before distributions		4,425,756	5,053,645
Less: Distributions		(3,871,861)	(4,915,074)
Surplus/(deficit) after distributions		553,896	138,571
Other comprehensive revenue and expense		-	-
Total comprehensive revenue and expense		553,896	138,571

The above statement of Comprehensive Revenue and Expense 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 2022

	2022	2021
	\$	\$
Equity		
Opening Balance at 1 April	129,907	(8,665)
Surplus/(Deficit) for the Period	553,896	138,571
Closing equity at 31 March	683,802	129,907

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 2022

	Notes	2022 \$	2021 \$
Assets			
Current Assets			
Cash and cash equivalents	7	966,507	700,959
Receivables from exchange transactions	8	329,389	327,238
Total Current Assets		1,295,897	1,028,197
Non-Current Assets			
Property, Plant and Equipment	10	1,372,189	1,742,096
Total Non-Current Assets		1,372,189	1,742,096
Total Assets		2,668,086	2,770,293
Liabilities			
Current Liabilities			
Loan Facility - Secured	11	829,234	974,393
Trade and Other Payables		792,092	847,400
Total Current Liabilities		1,621,326	1,821,793
Non-Current Liabilities			
Loan Facility - Secured	11	362,958	818,593
Total Non-Current Liabilities		362,958	818,593
Total Liabilities		1,984,284	2,640,387
Total net assets		683,802	129,907
Net Equity			
Accumulated comprehensive revenue and expense		683,802	129,907
Total equity		683,802	129,907

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

Statement of Cash Flows

Dragon Community Trust Limited
For the year ended 31 March 2022

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
<u>Receipts</u>			
Receipts from exchange transactions		11,035,590	12,183,269
Net GST received / (paid)		(43,439)	99,726
<u>Payments</u>			
Payments to suppliers and employees		(5,629,466)	(6,139,613)
Distributions		(3,978,749)	(4,915,074)
Interest paid		(101,052)	(112,409)
Net cash flows from operating activities		1,282,885	1,115,898
Cash flows from investing activities			
Proceeds from sale of property plant and equipment		430,920	0
Purchase of property, plant and equipment		(864,148)	(941,709)
Net cash flows from investing activities		(433,228)	(941,709)
Net cash flows from financing activities			
Proceeds from draw down of loans		365,348	942,466
Payments of loan principal		(949,457)	(820,254)
Net cash flows from financing activities		(584,109)	122,212
Net increase/(decrease) in cash and cash equivalents		265,548	296,401
Cash and cash equivalents at 1 April		700,959	404,558
Cash and cash equivalents at 31 March	7	966,507	700,959

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 2022

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. The financial statements for the Company are for the year ended 31 March 2022, and were approved by the Board as stated on page 2.

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.

Notes to the Financial Statements

Dragon Community Trust Limited

For the year ended 31 March 2022

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 basis of accounting estimates

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

Notes to the Financial Statements

Dragon Community Trust Limited

For the year ended 31 March 2022

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 Revenue 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 2022

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.

Financial liabilities classified as amortised cost comprise payables and loans.

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.

Notes to the Financial Statements

Dragon Community Trust Limited

For the year ended 31 March 2022

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.

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.

Depreciation is recognised in statement of comprehensive revenue and expense on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives are:

Gaming machines & Equipment 3 years

Depreciation methods, useful lives, and residual values are reviewed at reporting date and adjusted if appropriate.

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.

Notes to the Financial Statements

Dragon Community Trust Limited

For the year ended 31 March 2022

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.

For the current financial year the Company has distributed, or approved to be distributed, 34.46% of its GST exclusive gross receipts for authorised purposes. The Company has made distributions within three months of balance date to bring the total amount distributed in excess of 40% of 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

	2022	2021
Operating expenses include the following:	\$	\$
Losses on sale of fixed assets	58,767	5,769
Gaming machine maintenance	168,122	152,218
Servicing of equipment	45,760	73,168
EMS monthly fees	99,382	104,749

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	2022	2021
Current assets:	\$	\$
Cash at bank	966,507	700,959
Current liabilities:		
Bank overdrafts	-	-

Total cash and cash equivalents in statement of cash flows

966,507	700,959
---------	---------

The Company has \$150,000 unsecured overdraft facility at reporting date (2021: \$150,000)

Notes to the Financial Statements

Dragon Community Trust Limited

For the year ended 31 March 2022

8. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2022	2021
	\$	\$
Accounts Receivable	204,549	192,919
Prepayments	124,841	134,319
Total	329,389	327,238

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

9. RELATED PARTY TRANSACTIONS AND BALANCES

An honorarium was paid to Directors of \$112,170 (2021: \$84,492) for services to the Net Proceeds Committee as well as their duties as directors. Dawn Management Limited provided key management personnel services to an amount of \$325,975 (2021: \$337,225).

During the year grants were made to New Zealand Culture & Media Group Limited in which Jackson Rao held a governance position from March to June 2021 during this financial year. Jackson is the shareholder and director of Dawn Management Limited which provides management services to Dragon Community Trust Limited. In all instances Jackson has declared his interests in Net Proceeds Committee meetings and abstained from discussion and decision-making on grant applications for these entities. A full listing of grant amounts approved can be found on Dragon Community Trust Limited's website.

10. PROPERTY, PLANT AND EQUIPMENT

	31-Mar-22			31-Mar-21		
	Cost	Acc. Depr	Carrying value	Cost	Acc. Depr	Carrying value
Gaming machines & Equipment	5,750,544	4,378,355	1,372,189	5,652,785	3,910,689	1,742,096
	5,750,544	4,378,355	1,372,189	5,652,785	3,910,689	1,742,096

Reconciliation of property, plant and equipment - March 2022

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Gaming machines & Equipment	1,742,096	864,148	194,932	1,039,123	1,372,189
	1,742,096	864,148	194,932	1,039,123	1,372,189

11. FACILITY SECURED

	Int rate %	Maturity	2022	2021
Current interest bearing loans & borrowings			\$	\$
Secured bank loan - BNZ	6.13% - 7.19%	2022 - 2024	746,672	875,145
Hunter Premium Funding Loan	7.84% - 8.05%	2022	82,563	99,248
			829,234	974,393
Non-current interest bearing loans & borrowings				
Secured bank loan - BNZ	6.13% - 7.19%	2022 - 2024	362,958	818,593
			1,192,192	1,792,986

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

Notes to the Financial Statements

Dragon Community Trust Limited

For the year ended 31 March 2022

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:

	2022	2021
	\$	\$
Financial assets		
<i>Loans and receivables</i>		
Cash and cash equivalents (assets)	966,507	700,959
Receivables from exchange transactions	204,549	192,919
Receivables from non-exchange transactions	-	-
Total Financial Assets	1,171,056	893,879

Financial liabilities

At amortised cost

Trade and other creditors	703,739	732,293
Cash and cash equivalents (liabilities)	-	-
Loan facility	1,109,629	1,693,739
Total Financial Liabilities	1,813,368	2,426,032

	2022	2021
	\$	\$

13. NET FINANCE COSTS

Finance Income

Interest income from loans and receivables	1	-
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Finance expense

Financial liabilities at amortised cost	101,052	112,409
Total Financial Liabilities	(101,051)	(112,409)

	2022	2021
	\$	\$
14. PAYABLES - EXCHANGE TRANSACTIONS		
Accounts payable	161,068	284,595
Accruals	120,255	115,939
Duty payable	419,294	331,760
GST/PAYE payable	174,037	214,354
Total PAYABLES - EXCHANGE TRANSACTIONS	874,654	946,648

15. CAPITAL COMMITMENTS

There are no capital commitments at reporting date (2021: Nil).

16. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities at the reporting date (2021: Nil).

Notes to the Financial Statements

Dragon Community Trust Limited

For the year ended 31 March 2022

17. GOING CONCERN

The financial statements have been prepared using the going concern assumption. To the best of the knowledge of the Directors, and consistent with the forecasts made for the 2023 year, the Company has, or will have, adequate resources to continue operations for the foreseeable future.

18. DIA LENIENCY DUE TO NEGATIVE IMPACT OF COVID19

The Company only achieved 39.39% operating profitability in FY2022 which is just shy of the 40% minimum standard as set out by paragraph 10(1) of the Gambling (Class 4 Net Proceeds) Regulations 2004. As at 22 March 2022, DIA announced they will be lenient towards companies who did not meet the 40% minimum operating profit standard by requiring the Company to send an application of how the COVID-19 pandemic impacted the business and how costs have been mitigated.

The Company is confident the application will be accepted as it was directly impacted by COVID-19, including in March 2022 during the Omicron outbreak. After distributions made in April/May 2022 the 40% distribution requirement was achieved.