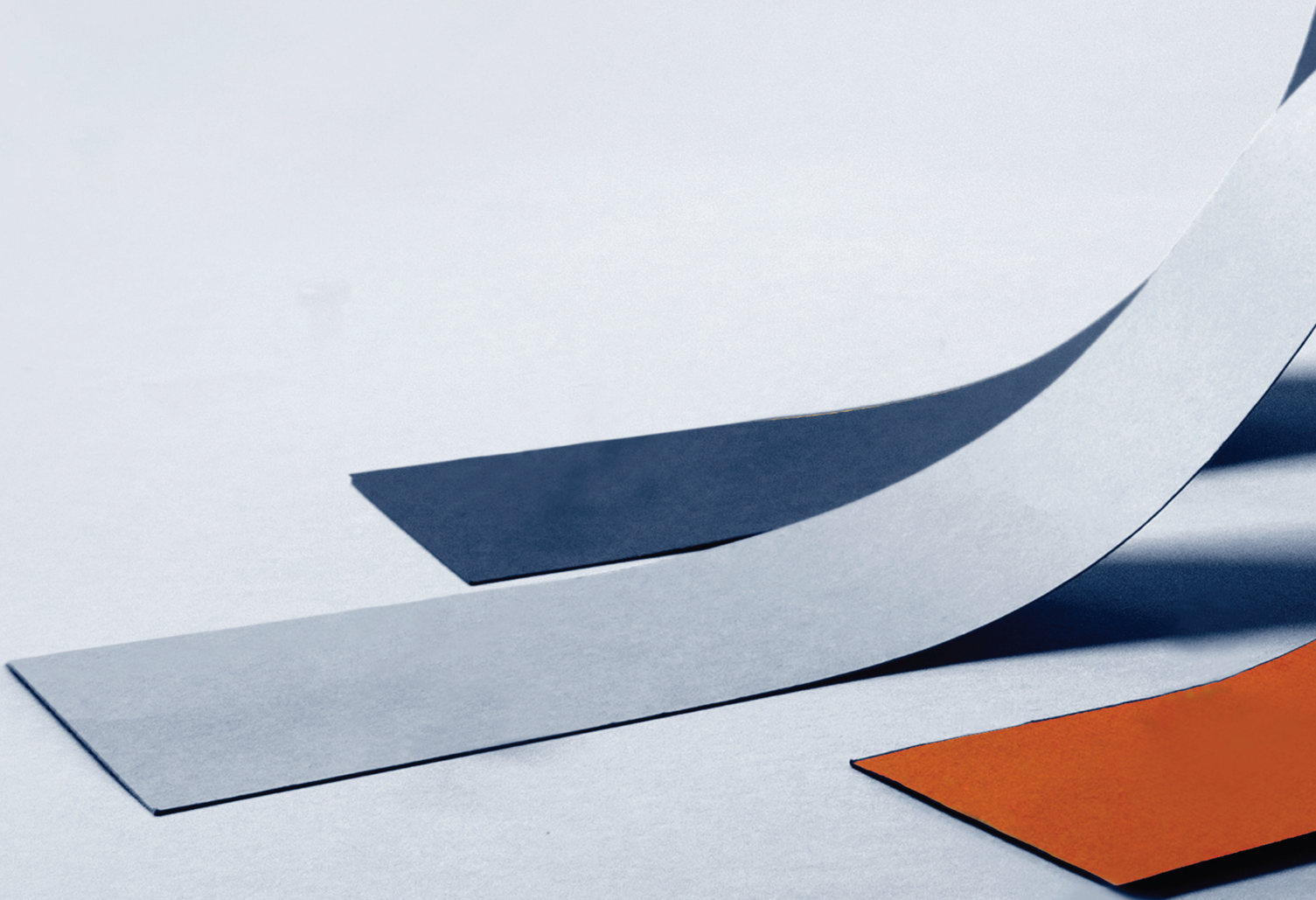



TAB NZ

Annual Report 2021



TAB



In contrast to 2019/20,
the past season has been
a year of strong growth.

Dean McKenzie
Chief Transition Officer

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From the Chief Transition Officer

The 2020/21 racing season was the most profitable year in the history of the TAB.

Coming off the back of the 2019/20 racing season that saw almost as much change as was possible in a singular 12 months, the 2020/21 racing season has provided the organisation with an opportunity to consolidate, reset and begin to grow like never before despite facing fresh challenges from the ongoing impacts of Covid-19.

We have been able to achieve these results thanks to a robust trading environment, and continuing to maintain close control of costs and expenses. With those two factors in play, this naturally leads to increased profit.

This strong year means we can better serve our purpose and role within the racing and sports communities, maximising profits to the racing community and returns to the sports community, in line with our key objective in the Racing Industry Act 2020. While meeting this objective of maximising profits, we are also strongly focused on one of the core purposes of the Act – to prevent and minimise harm from gambling conducted under this Act, including harm associated with problem gambling. More information on responsible gambling is available on page 8.

The past season has been a year of strong growth, leading to net profit before distributions of \$178 million, which was \$46 million above budget.

Many significant racing and sporting events resumed in 2020/21, creating a wide range of wagering options, and we have leveraged that with strong engagement with customers. The strong wagering growth, coupled with our areas of focus, has meant the organisation was also able to make an additional one-off \$5 million distribution to the Codes for the 2020/21 Financial Year.

While some uncertainties in trading for the medium term remain, particularly as the world continues to adjust and adapt to the pressures of Covid-19, TAB NZ is in a materially stronger financial position compared to the previous year.

During the past 12 months, the business has been in a consolidation phase. This has involved finalising the legislative reforms, adjusting to a more streamlined operating framework, and focusing on the transition of

the business to its new role as TAB NZ. We have also been focused on continued tight fiscal management of our costs and ensuring the business is trading in a profitable and sustainable manner, in the midst of changeable and uncertain times.

Objectives of TAB New Zealand

The interim TAB NZ Board that came into being on 1 August 2020 had an overall objective of removing as much risk from the business as possible, given the complex set of variables that were at play in the economic environment at that time. As outlined in our Statement of Intent 2022-2024 (released earlier in 2021), this objective has involved **three key areas of focus**:

- **Paying down debt**
- **Building our equity**
- **Maintaining cost discipline**

The organisation has been focused on continuing to reduce debt, and an additional \$10 million was repaid shortly after balance date as evidence of that continued focus.

Alongside this, there is a strong focus on building our equity. Leading into the first impacts from Covid-19, the organisation's reserves were negligible and now total equity of \$93 million is up \$40 million (75%) compared to 2019/20, driven largely by the retention of surplus funds from increased profitability.

Contributing to these first two areas of focus is the need to maintain cost discipline. The impact of Covid-19 brought about some necessary changes, and since that point, both the Racing Integrity Transition Agency (RITA) and interim TAB NZ Boards have focused on keeping operating costs down. In the year to July 2019, Operating Expenditure was \$142 million – next year we are budgeting Operating Expenditure will be \$121 million.

These areas of focus all paint a picture of consolidation, but trading conditions have also been positive in the past 12 months, contributing directly to the significantly improved overall result.

The benefits of the reform programme were borne out through additional transfers to the racing codes during the 2020/21 year.

The 2020/21 racing season was the most profitable year in the history of the TAB.

These were in the form of Betting Duty savings of \$7.1 million and Racing Betting Information Use Charges of \$18.5 million. The information use charges are applied to offshore betting operators, who are required to pay for the use of New Zealand racing or sports information, such as race fields.

Codes also benefited in 2020/21 from the removal of the racing services charges, which were previously charged to racing clubs for the provision of on-course raceday services. This accounted for \$10.4 million when charged by RITA in 2019/20 and \$14.2 million in 2018/19.

Distributions and other payments to the racing community

Y2021

Total betting profit distributions to the racing community

\$124.3M

Betting Duty savings

\$7.1M

Racing Betting Information Use Charges

\$18.5M

TOTAL (excluding Class 4 grants):

\$149.9M

Total betting profit distributions to the racing community in 2019/20 were \$121.5 million. There were no Betting Duty savings or Betting Information Use Charges passed on in 2019/20 (see Note 7).

Commissions and other payments to the sporting community

Y2021

Total National Sporting Organisation (NSO) Commissions

\$13.0M

Betting Duty Savings payable*

\$1.9M

TOTAL (excluding Class 4 grants):

\$14.9M

Total NSO Commissions in 2019/20 were \$12.7M (see note 5).

*Subject to final confirmation.

Note: Sporting betting information use charges are collected separately from TAB NZ and flow directly to NSOs.

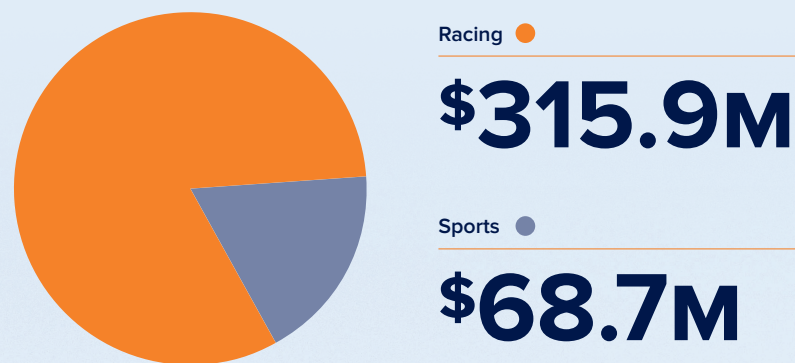
Business Highlights

As referenced above, the 2020/21 final year financial performance was a watershed year, being the most profitable in the TAB's history despite the ongoing impact of Covid-19 across 2020/21. Total Turnover (Betting & Gaming) for the year was \$3,076 million, which was \$446 million (17%) above last year and \$311 million above budget (11%).

Gaming turnover bounced back in 2020/21 to \$514 million, an increase of 11% (\$53 million). This was a strong result, particularly when the change to Alert Level 3 in Auckland in August 2020 is taken into account, along with two other short Alert Level 3 lockdowns for the Auckland region during February and March 2021. These Alert Level settings forced the closure of retail outlets in the affected areas.

The General Manager Finance commentary on page 13 provides further information on the effects of the organisation's strategic objectives on its financial and operational performance.

Gross betting revenue by source (\$m)



Net betting revenue of \$315.9m after deductions of GST (\$51.4m) and Duties and Levies (\$17.3m)" (see Note 3).

Reform programme

TAB NZ has continued to act on reforms that emerged from the **Racing Industry Act 2020** and, in conjunction with the **Department of Internal Affairs** and relevant bodies, is making progress on those regulations which most closely impact TAB NZ operations. This includes the prescription of the minimum payments to **National Sporting Organisations (NSOs)** as outlined in section 82 of the Act, which continues to be discussed with the sporting sector. The statutory minimum of 1% of turnover and 5% of gross profit applies until the regulations are made.

New board appointed

The interim TAB NZ Board completed its role on 31 July 2021, after the Racing Minister Hon Grant Robertson announced the new Board Appointments on 16 July 2021.

This was another welcome step towards completing the racing reform programme, and finalising the operational transition of TAB NZ to its new framework.

Two members of the interim Board – Anna Stove and Bill Birnie – carried over to the new Board to provide some continuity for this work, which includes appointing a Chief Executive Officer by the end of the 2021 calendar year.

I want to thank the interim TAB NZ Board for their efforts in overseeing a very positive 2020/21 that has the organisation in strong underlying financial health and I wish them well for the future.

Statement of Intent and Five-Year Plan

A key deliverable of 2020/21 was the development of TAB NZ's Five Year Plan (as requested by the Racing Minister) and Statement of Intent 2022-2024 (as required under the legislation). These were duly delivered and provided insight into the organisation's priorities and strategic initiatives.

The two documents help to ensure the organisation not only builds on the momentum of the reform programme, but will capitalise on the strong financial performance in 2020/21.

These documents, approved by the interim TAB NZ Board, will support the new Board to make future decisions with the best information available. The purpose of these documents is not to bind the new Board to any particular course of action, but rather to support them to make these decisions themselves, and with the best possible information available.

The Five-Year Plan provides a clear outline of TAB NZ's operating environment, our key risks and opportunities, and a plan to address outstanding questions and areas of investigation for the incoming Board.

The Statement of Intent for 2022-2024 reflects some of the strategic focus outlined in the Five Year Plan in more detail. The strong financial footing for the organisation provides a great opportunity for the new Board to undergo a fundamental rethink of every area of the business.

Transfer of Racing Integrity Unit

In July 2021, the Racing Integrity Unit (RIU) was transferred to the new Racing Integrity Board (RIB) entity and accordingly this will no longer be consolidated within TAB NZ's Profit & Loss. As part of the transfer there were some accounting adjustments driven by transferring the RIU to RIB, which included recognising a loss in the transfer of RIU assets to RIB for nil consideration, offset by the transfer of the RIU annual leave liability to the RIB.

The RIB took over the functions of the RIU and the Judicial Control Authority (JCA). Employees were transferred to the new RIB. The Board continues the work of the RIU and the JCA to promote and ensure compliance with high standards of integrity, animal welfare and professionalism by people in the racing industry. TAB NZ's role with RIB going forward is to provide the funding necessary for it to achieve their stated objectives, as outlined in section 46 of the Racing Industry Act 2020.

Sale of radio licences

In March 2021, TAB NZ concluded negotiations for the sale of its AM/FM radio licences to Sports Entertainment Network Pty Ltd (SEN) and newly established Sports Entertainment Network New Zealand Ltd (collectively SENZ). This sale included supporting infrastructure and racing broadcast audio rights.

This agreement followed an open tender process to optimise and establish clear market value. The arrangement includes a commitment from SENZ to produce a two hour weekly Saturday racing preview show.

The new operation is independent of Trackside's existing live simulcast of racing which continues to be available through the TAB website, App and streaming services. However, the agreement includes access to radio broadcast rights for domestic racing. SENZ began broadcasting in July 2021, and we look forward to continuing the close and mutually beneficial relationship that has already developed, in promoting and covering sport and racing in New Zealand.

Broadcasting and wagering rights extended

In October 2020, extended broadcasting and wagering rights for Australian and New Zealand racing were confirmed under agreements reached between TAB NZ and Tabcorp.

The enhanced package of agreements guarantees the ongoing broadcast of New Zealand racing into Australia through the Tabcorp-owned Sky Racing network, and Australian racing into New Zealand via TAB NZ's Trackside broadcasting service.

The multi-year deal provides certainty for the co-mingling of totalisator pools in both countries that helps support tote pool liquidity for trans-Tasman punters. Tabcorp will also continue to market New Zealand racing internationally through Sky Racing, which exports Australian and New Zealand racing to over 65 countries across all three codes.

Marketing highlights

The use of Bonus Bets was an important tool for customer retention and engagement through 2020/21 with 2.4 million bonus bets awarded to almost 200,000 customers across the 12 months. This led to improved retention rates with over three-quarters of customers retained between 2019/20 to 2020/21.

Several new products launched through the year also contributed to customer engagement. Same Game Multis, where a customer can combine multiple bets of their choosing on one event into a multi bet, launched in August 2020. This drew strong interest from customers and by the end of July 2021, more than one in three sports customers had placed a Same Game Multi during the year.

Fixed Odds Exotic bets for racing customers were launched in March 2021. Along with the option to place Fixed Odds Quinellas and Trifectas to provide customers with a defined price prior to the event, the Fixed Odds Exacta (first two runners across the line in the correct order) was also introduced, while Top 4 options have also become available as an alternative to a Win or Top 3 bet. In the five months until 31 July 2021, one in four racing customers placed a Fixed Odds Exotic bet.

200,000 bonus bets awarded to 2.4 million customers leading to improved retention rates with over three-quarters of customers

Acknowledgements

As Chief Transition Officer, I would like to acknowledge the durability and resourcefulness shown by our team in 2020/21. The team has worked seamlessly through the many and varied interruptions and complications brought on by Covid-19 in 2020/21 to ensure the business could continue to operate. Their ability to adapt to remote working while continuing to deliver round-the-clock operations has played a large part in the strong financial result for 2020/21.

I would like to thank the interim TAB NZ Board for the direction they have provided to the organisation and their oversight, which has resulted in such a strong result that contributes to our key purpose. TAB NZ exists solely for the betterment of racing and sport through the money we make going back to help our racing and sporting communities thrive.

It is also very important to acknowledge the continued support from both Ministers for Racing during the 2020-21 year – former Minister Rt Hon Winston Peters and current Minister Hon Grant Robertson. Both Ministers have provided the Board and the wider organisation with the confidence and surety for TAB NZ to continue to evolve and thrive in the 2020/21 year and their efforts and guidance have made a significant contribution to the strong results shared in this report.

I offer my best wishes to the new Board, who have the opportunity to build on this strong work and set the path for the path of the organisation into the future, alongside the new chief executive once appointed.

It has been an absolute privilege to have played my part in the reform programme and be a member of the TAB team, working within an organisation and industry I have had a long personal connection with, and to deliver a strong result for the industry in 2020/21.



Dean McKenzie

Responsible Gambling

In 2020/21, TAB NZ welcomed the passage of the Racing Industry Act 2020 into law, and this resulted in several significant changes for TAB NZ relating to responsible gambling. The following provision was inserted into section 3 of the Act, ensuring that one of the five core purposes of the Act is to:

Prevent and minimise harm from gambling conducted under it, including harm associated with problem gambling.

Additionally, TAB NZ's objectives under section 57 to maximise profits for the long-term benefit of New Zealand racing became directly subject to ensuring that risks of problem gambling and underage gambling are minimised.

The elevation of TAB NZ's responsible gambling obligations through the Racing Industry Act 2020, combined with the responsible gambling funding allocation achieved through betting levy reduction, ensures we have the appropriate legislative structure so that commercial decision making is appropriately balanced and informed by responsible gambling considerations.

TAB NZ develops its Responsible Gambling Strategy in line with the Ministry of Health's Strategy to Prevent and Minimise Harm. Our current strategy was implemented in line with the Ministry's 2019/20-2021/22 strategy. TAB NZ's revised Responsible Gambling Strategy will be developed following the release of the Ministry of Health's Strategy to Prevent and Minimise Harm (2022/23 to 2024/25).

Covid-19 continued to cause significant disruption for all New Zealanders throughout 2020/21. During this period, we adopted and continued to take a responsible gambling approach that took Covid-19 developments into account, such as reminders to our customers to check in on their personal situation and tools available to help our customers manage their betting.

Class 4 gaming distributions

More than \$17 million was distributed by TAB NZ from Class 4 gaming at TAB Board venues. These distributions underpin the integrity functions of the racing industry, support infrastructure spending at racing venues, and help grassroots sporting organisations right across the country.

Removing cost barriers

\$5,000+



accommodation and van hire for players to attend tournaments

Parafed Northland

More than \$5,000 was granted to the association towards accommodation and van hire for players attending two wheelchair basketball tournaments in Tauranga in late March and Hamilton in April. This funding removed the cost barrier to attend the tournaments for the team members, who would otherwise have been required to self-fund their trip.



Two purpose-built rugby wheelchairs

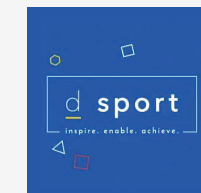
\$26,000+



2nd in both the regional and national championships

dsport

More than \$26,000 was granted to dsport in Wellington in December 2020 to purchase two purpose-built rugby wheelchairs for two players attending the national championships. Players learning the sport use the old chairs dsport has available, but to really progress, aspiring elite athletes need properly fitted chairs which match their ability and role in the game. The new chairs helped the dsport team finish 2nd in both the regional championships and national championships.



Upgrading facilities

\$20,000



New LED lighting so junior and senior games can be played at night

Taupiri Rugby Football Club

The Taupiri Rugby Football Club received a \$20,000 grant towards the supply and installation of LED field lighting on two existing rugby fields. The current lighting has been in existence for 46 years and is no longer operating to its optimum; requiring ongoing maintenance each year. The new lighting brings many benefits such as lower running costs, health and safety improvements, and provides the New Zealand Rugby-specified luminaire lighting to enable competitive junior and senior games to be played at night. The overall cost of the project was \$167,000.



Corporate Governance Statement

The management of the business and affairs of TAB NZ took place under the direction of its Governing Body. In accordance with clause 24 of Schedule 1 of the Racing Industry Act 2020, members of the governing body of RITA (who held office immediately before the commencement of the Racing Industry Act 2020 on 1 August 2020) were appointed as interim members of the governing body of TAB NZ. This interim arrangement remained in place while permanent appointments to the Governing Body were being made under Section 55 of the Racing Industry Act 2020.

On 2 September 2020 the then Minister for Racing, Rt Hon Winston Peters issued a letter of expectation to TAB NZ, which set out areas of focus, requirements, and general expectations for the 2020/21 period.

In April of 2021, Minister for Racing Hon Grant Robertson announced that Elizabeth (Liz) Dawson had been appointed as the Chair of the interim TAB NZ Governing Body, with Dean McKenzie stepping down from the role of Executive Chair in order to take up the role of Chief Transition Office for TAB NZ.

In the role of Chief Transition Officer, the Minister advised that Dean McKenzie would be charged with leading TAB NZ through the reforms contained in the Racing Industry Act 2020, until the permanent TAB NZ Governing Body was appointed, and a CEO was able to be recruited.

Governing Body responsibilities

The Governing Body met 11 times. Every meeting was subject to a formal agenda and reporting procedures. Agendas were prepared by TAB NZ's Secretary, in conjunction with the Executive Chair (until April of 2021), and the Chief Transition Officer and Board Chair (from April of 2021).

TAB NZ maintained an Interests Register, in which the interests of its members are recorded. Governing Body members were expected to manage any conflicts of interest in accordance with the provisions of the Racing Industry Act 2020.

Governing Body committees

The TAB NZ Governing Body formally constituted four committees: the Dates Committee, the Audit and Risk Committee, the People and Culture Committee and the Net Proceeds Committee.

These committees supported the Governing Body by considering relevant issues at a detailed level and reporting back to the Governing Body.

This reporting generally included the making of recommendations to the Governing Body, except where specific decision-making authority had been delegated to the committee by the Governing Body.

Executive Leadership Team

At 31 July 2021

Dean McKenzie
Executive Chair/Chief Transition Officer
Jessica Meech
General Manager Corporate and Governance Services
Sam Moncur
General Manager Finance

Edward Rennell
General Manager Broadcasting and Operations
Simon Thomas
General Manager Customer and Betting

The Interim TAB NZ Board



Dean McKenzie*
(Executive Chair)



Liz Dawson**
MNZM



Bill Birnie
CNZM



Kristy McDonald
ONZM QC



Anna Stove



Sir Peter Vela
KNZM

* replaced as Executive Chair from 14 April 2021 to take up Chief Transition Officer role
** Chair from 14 April 2021 – 31 July 2021

TAB NZ Board
Chair introduction

On behalf of the new TAB NZ Board that commenced its term on 1 August 2021, it is a privilege to be leading as Chair as we follow on from the excellent work carried out by the interim TAB NZ Board in 2020/21.

This is a new era for TAB NZ, with the overwhelming majority of the recent reform programme enacted. There are a vast number of opportunities that lie ahead and we are privileged to be positioning the future path of the organisation at this very exciting time.

The new board brings considerable experience in racing and sports administration, business and governance, the betting industry, broadcasting and gambling harm minimisation - all key areas for TAB NZ as we look to the future and an exciting new era.

The fine work by the interim Board and our wider TAB NZ team was the bedrock of the result that emerged from 2020/21 and I thank them for providing a strong position for the new board to continue with the excellent progress that the organisation has made in the past 12 months.

We look forward to sharing TAB NZ’s future success with all of our stakeholders.



Mark Stewart MNZM

TAB NZ Board
1 August 2021

Mark Stewart MNZM
Chair

Anna Stove
Deputy Chair

Bill Birnie CNZM

Paul Bittar

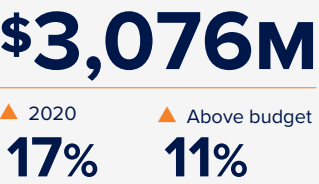
Jason Fleming

Wendie Harvey

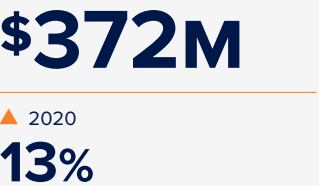
Raewyn Lovett ONZM

General Manager
Finance commentary

Total Turnover (Betting & Gaming)



Total Revenue
(excluding Government Grants)



Total Operating Expenses



How has TAB NZ achieved its strategic objectives for the period and what are its effects on financial and operational performance?

Betting and Gaming Turnover

Total Turnover (Betting & Gaming) of \$3,076 million is \$446 million (17%) above last year and \$311 million above budget (11%). An increase in betting turnover vs last year (18%) has resulted from increased and improved betting product compared to the prior year. Popularity of the additional betting products were supported by the success of promotions which are solely offered on Fixed Odds.

Gaming turnover increased 11% to \$514 million (+\$53 million) due to successful site refurbishments and electronic gaming machine conversions in the latter half of FY20.

Revenue

Total Revenue of \$372 million is \$3 million (1%) above last year. Excluding Government grants in FY20, Total Revenue is up \$44 million (13%) year on year. Performance is driven by higher betting turnover combined with favourable results experienced in Racing and Sport fixed odds during the year. Net betting margin remains consistent with the prior year and budget at 12%. Net gaming revenue of \$29 million (12% increase) is consistent with the increase in gaming turnover.

Other revenue decreased by \$8 million (-42%) against last year; a key movement in this category is a \$10 million reduction in venue service cost recoveries to support the racing community’s post lockdown return to racing.

Total Operating Expenses

Total operating expenses decreased by \$15 million from \$135 million in 2019/20 to \$120 million in 2020/21. This was realised through a \$12 million decrease in staff expenses as well as \$4 million in savings in communication and technology expenses. Other operating expenses increased against last year as a result of increased merchant fees due to higher customer activity. Included in this category is \$1.6 million of loss on the transfer of assets to the Racing Integrity Board relating to the racing lab assets.

Turnover related expenses remained materially consistent against last year.

Total Distributions
from betting profits

\$124M

▲ 2020

2%

Total Assets

\$231M

▲ 2020

11%

Total Liabilities

\$137M

▼ 2020

11%

Total Equity

\$93M

▲ 2020

75%

Working Capital

\$46M

2020

\$17M

Distributions

Distributions from betting profits to the racing community is \$124 million, up \$3 million (2%) from last year as a result of FY21's racing activity. Additionally, the racing community also benefited from venue service cost recoveries not being charged since the latter part of FY20. Total gaming distributions of \$17 million is up \$2 million (15%) against last year.

This comprises \$14 million of funding to the racing community, including \$7 million of funding to the Racing Integrity Unit which is eliminated on consolidation, and \$3 million of grants to sporting community organisations.

Assets

Total assets of \$231 million have increased by \$23 million (+11%) as at year end due mainly to greater retention of cash and term deposits of \$30 million. This was offset by other balance sheet movements during the period.

Liabilities

Total liabilities decreased by \$17 million against prior year as a result of debt repayment (\$20 million) which was offset by an increase in customer account balances (\$2 million) and the timing of provisions and payable settlement at balance date.

Equity

Total equity of \$93 million is up \$40 million (75%) compared to prior year, driven largely by the retention of surplus funds from increased revenue and cost savings.

Working Capital

Working capital (net current asset) position as at balance date is \$46 million (FY20: \$17 million). Notably, this is the result of continued cost saving initiatives and greater retention of funds to support future operations and development.

Cash reserves improved by \$9 million (16%), TAB NZ generated positive net operating cash flows (\$194 million) that was utilised to fund financial and capital investments (\$29 million) and net financing outflows (\$156 million) that includes distributions of \$128 million in addition to debt repayment during the year of \$20 million.

Independent Auditor's Report



Independent auditor's report

To the Board members of TAB New Zealand

Our opinion

In our opinion, the accompanying financial statements of TAB New Zealand (TAB), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 July 2021, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Group's financial statements comprise:

- the statement of financial position as at 31 July 2021;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in 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 and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Our firm carries out other services for the Group in the areas of other assurance services, agreed upon procedures and taxation compliance services. The provision of these other services has not impaired our independence as auditor of the Group.

Other information

The Board members are responsible for the other information. The other information comprises the information included in the Annual report (but does not include the financial statements and our auditor's report thereon). The other information we obtained prior to the date of this auditor's report comprised the CFO commentary, Supplementary information and Directory. The remaining other information is expected to be made available to us after that date.

PricewaterhouseCoopers, 10 Waterloo Quay, PO Box 243, Wellington 6140, New Zealand
T: +64 4 462 7000, pwc.co.nz

Independent Auditor's Report continued



Our opinion on the financial statements does not cover the other information and we do not and will 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 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.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board members and use our professional judgement to determine the appropriate action to take.

Responsibilities of the Board members for the financial statements

The Board members are responsible, on behalf of TAB, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Board members 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 Board members are responsible for assessing the Group'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 Board members either intend to liquidate the Group 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) and ISAs 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 our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-7/>

This description forms part of our auditor's report.

PwC



Who we report to

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

The engagement partner on the audit resulting in this independent auditor's report is Sarah Turner.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
26 October 2021

Wellington

PwC

Financial statements

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 July 2021

	Note	2021 \$000	2020 \$000
Betting and gaming turnover	3a	3,076,168	2,630,027
REVENUE			
Net betting revenue	3	315,947	264,431
Net gaming revenue	3	29,278	26,265
NZ racing shown overseas revenue		16,598	19,479
Other revenue and income	3	10,704	18,422
Government grants	4	–	40,976
TOTAL REVENUE AND OTHER INCOME		372,527	369,573
TURNOVER RELATED EXPENSES	5	74,026	72,004
OPERATING EXPENSES			
Broadcasting expenses		9,345	8,444
Communication and technology expenses		23,939	27,580
Premises and equipment expenses		6,419	6,987
Staff expenses	6a	41,937	54,427
Depreciation and amortisation	13, 14	21,569	22,219
Other operating expenses	6b	17,031	15,386
TOTAL OPERATING EXPENSES	6	120,240	135,043
TOTAL EXPENSES		194,266	207,047
NET PROFIT BEFORE DISTRIBUTIONS		178,261	162,526
Distributions	7	135,108	130,850
Provision for undistributed gaming surplus		3,652	3,069
NET PROFIT AFTER DISTRIBUTIONS		39,501	28,607
OTHER COMPREHENSIVE INCOME			
Movement in fair value of cash flow hedges*		536	(296)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		40,037	28,311
Total other comprehensive income attributable to:			
Reserves		40,147	28,345
Non-controlling interests in RIU		(110)	(34)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		40,037	28,311

* Items of other comprehensive income may be reclassified to profit or loss.

Statement of Changes in Equity

For the year ended 31 July 2021

	Attributable to RITA		Attributable to non-controlling interest in RIU	TOTAL GROUP EQUITY
	General reserve	Hedging reserve		
RITA	\$000	\$000	\$000	\$000
Balance as at 1 August 2019	24,698	24	141	24,863
Net profit after distributions	28,641	–	(34)	28,607
Other comprehensive loss	–	(296)	–	(296)
Balance as at 31 July 2020	53,339	(272)	107	53,174
	Attributable to TAB NZ		Attributable to non-controlling interest in RIU	TOTAL GROUP EQUITY
	General reserve	Hedging reserve		
TAB NZ	\$000	\$000	\$000	\$000
Balance as at 1 August 2020	53,339	(272)	107	53,174
Net profit after distributions	39,611	–	(110)	39,501
Other comprehensive income	–	536	–	536
Balance as at 31 July 2021	92,950	264	(3)	93,211

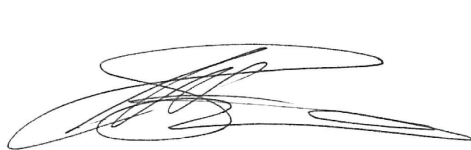
Financial statements continued

Statement of Financial Position

As at 31 July 2021

	Note	2021 \$000	2020 \$000
CURRENT ASSETS			
Cash and cash equivalents	8	62,963	54,120
Derivative assets		266	–
Trade and other receivables	9	9,443	7,208
Other financial assets	15	45,617	24,596
Other assets		3,923	3,275
TOTAL CURRENT ASSETS		122,212	89,199
NON-CURRENT ASSETS			
Property, plant and equipment	13	62,157	70,866
Intangible assets	14	42,271	44,296
Other financial assets	15	2,389	2,675
Other assets		1,546	538
TOTAL NON-CURRENT ASSETS		108,363	118,375
TOTAL ASSETS		230,575	207,574
CURRENT LIABILITIES			
Trade and other payables	10	25,255	28,031
Customer betting account deposits and vouchers	11	23,659	22,137
Derivative liabilities		–	295
Liabilities from contracts with customers	12	4,100	3,286
Provisions	17	10,263	6,020
Taxation payable		5,425	5,431
Lease liabilities	22	7,043	6,900
TOTAL CURRENT LIABILITIES		75,745	72,100
NON-CURRENT LIABILITIES			
Borrowings	16	25,000	45,000
Lease liabilities	22	34,538	35,291
Other financial liabilities	16	1,615	1,513
Provisions	17	466	496
TOTAL NON-CURRENT LIABILITIES		61,619	82,300
TOTAL LIABILITIES		137,364	154,400
TOTAL EQUITY		93,211	53,174
TOTAL LIABILITIES AND EQUITY		230,575	207,574

The Board members of TAB New Zealand have authorised these financial statements for issue on 22 October 2021.



Mark Stewart
Chair of TAB New Zealand



Bill Birnie
Chair of Audit and Risk Committee of TAB New Zealand

Statement of Cash Flows

For the year ended 31 July 2021

	2021 \$000	2020 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
INFLOWS		
Betting and gaming turnover	3,076,168	2,630,027
NZ racing shown overseas	15,575	19,479
Government grants	6,600	45,277
Other revenue	7,551	18,021
Jackpot retentions and account deposits	2,099	–
TOTAL INFLOWS FROM OPERATING ACTIVITIES	3,107,993	2,712,804
OUTFLOWS		
Betting and gaming dividends paid	(2,646,455)	(2,275,044)
Betting and gaming duty paid	(21,147)	(15,743)
Taxes and levies	(59,544)	(48,191)
Jackpot retentions and account deposits	–	(1,237)
Payments to national sporting organisations	(15,485)	(12,681)
Payments for employee benefits	(43,227)	(55,811)
Payments to suppliers	(127,746)	(123,561)
TOTAL OUTFLOWS FROM OPERATING ACTIVITIES	(2,913,604)	(2,532,268)
NET CASH PROVIDED BY OPERATING ACTIVITIES	194,389	180,536
CASH FLOWS FROM INVESTING ACTIVITIES		
INFLOWS		
Interest received	806	793
Repayment of industry loans	–	848
TOTAL INFLOWS FROM INVESTING ACTIVITIES	806	1,641
OUTFLOWS		
Investment in term deposits	(20,999)	–
Purchases of property, plant and equipment and intangible assets	(9,142)	(11,501)
TOTAL OUTFLOWS FROM INVESTING ACTIVITIES	(30,141)	(11,501)
NET CASH USED IN INVESTING ACTIVITIES	(29,335)	(9,860)
CASH FLOWS FROM FINANCING ACTIVITIES		
INFLOWS		
Drawdown of borrowings	–	10,000
TOTAL INFLOWS FROM FINANCING ACTIVITIES	–	10,000
OUTFLOWS		
Repayment of borrowings and interest paid on borrowings	(21,974)	(550)
Repayment of leases and associated interest	(5,886)	(5,915)
Betting net profit distributions	(119,203)	(119,040)
Gaming net profit distributions to the racing industry	(5,744)	(10,221)
Gaming net profit distribution to external bodies	(3,352)	(2,039)
TOTAL OUTFLOWS FROM FINANCING ACTIVITIES	(156,159)	(137,765)
NET CASH USED IN FINANCING ACTIVITIES	(156,159)	(127,765)
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,895	42,911
Cash and cash equivalents as at the beginning of the period	54,120	10,487
Foreign exchange loss on cash and cash equivalents	(52)	722
CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD	62,963	54,120

Statement of Cash Flows continued

	2021 \$000	2020 \$000
NET PROFIT AFTER DISTRIBUTIONS	39,501	28,607
NON-CASH ITEMS		
Depreciation and amortisation expense	21,569	22,219
Increase in provision for doubtful debts	–	235
Other non-cash items	7	95
TOTAL NON-CASH ITEMS	21,576	22,549
ITEMS CLASSIFIED AS INVESTING/FINANCING ACTIVITIES		
Net gain / (loss) on sale of property, plant and equipment	3,317	(295)
Net interest (received) / paid	(200)	1,337
Distributions paid	135,108	133,919
TOTAL ITEMS CLASSIFIED AS INVESTING/FINANCING ACTIVITIES	138,225	134,961
MOVEMENT IN CURRENT ASSETS		
Trade and other receivables	(1,410)	456
Other current assets	(473)	1,189
TOTAL MOVEMENT IN CURRENT ASSETS	(1,883)	1,645
MOVEMENT IN LIABILITIES		
Trade and other payables	(7,875)	(6,856)
Customer betting account deposits and vouchers	1,522	(1,237)
Liabilities from contracts with customers	814	218
Taxation payable	(6)	462
Provisions	2,515	187
TOTAL MOVEMENT IN CURRENT LIABILITIES	(3,030)	(7,226)
NET CASH PROVIDED BY OPERATING ACTIVITIES	194,389	180,536

Notes to the financial statements

The purpose of these financial statements is to report on the financial performance for the year ended 31 July 2021. Additionally, these financial statements report on transactions and events that are significant in gaining an understanding of the changes in financial position, performance and cash flows of TAB New Zealand (TAB NZ) since its inception on 1 August 2020.

The notes to the financial statements include information which is required to understand the financial statements and information that is material and relevant to the financial performance, financial position and operations of TAB NZ.

Who is TAB NZ and what is the basis of financial statement preparation?

1. Basis of preparation

Reporting entity and statutory basis

TAB NZ is a statutory body domiciled in New Zealand and established by the Racing Industry Act 2020 which took effect on 1 August 2020. The Act sets forth TAB NZ’s principal objectives as follows:

- a) to facilitate and promote betting; and
- b) subject to ensuring that risks of problem gambling and underage gambling are minimised, to maximise:
 - i. its profits for the long-term benefit of New Zealand racing; and
 - ii. its returns to New Zealand sports.

In order to achieve those objectives, TAB NZ provides customers with betting products on racing and sports through its various channels including retail, digital (online and mobile) and on-course. Whilst TAB NZ has a significant digital offering, it operates in over 500 outlets which provide customers with a more personalised experience. TAB NZ also operates the largest outside broadcasting operation in New Zealand (Trackside 1 and 2), and holds a Class 4 gaming licence in selected stores.

Impact of the Racing Industry Act 2020

TAB NZ’s transition from the Racing Industry Transition Agency (RITA)

The Racing Industry Transition Agency (RITA) is a statutory body established by the Racing Act 2003 (as amended by the Racing Reform Act 2019). The Racing Industry Act 2020 replaced the previous Act from 1 August 2020 provided that the assets, liabilities, rights, operations and employees of RITA will be transferred to the TAB NZ upon its formal establishment. Transition to TAB NZ is accounted for through the pooling of interests method as both RITA and TAB NZ are considered under common control for financial reporting purposes. As such, RITA’s assets and liabilities vest in TAB NZ pursuant to the Racing Industry Act 2020 and continue to be accounted for at carrying value rather than fair value on transition date; hence, no adjustments were made to the opening balances of TAB NZ’s financial statements as at 1 August 2020.

As these are TAB NZ’s first financial statements, comparative figures presented reflect the results of RITA whose operations are substantially the same as that of TAB NZ in order to better provide useful information around TAB NZ’s performance, cash flows and financial position.

Establishment of the Racing Integrity Board (RIB)

The Act also provides for the establishment of the RIB which consolidates the operations of the Racing Integrity Unit (RIU) and the Judicial Conduct Authority. This results in RIU’s operations being continued within RIB and will be governed by the RIB board which is independent of TAB NZ; consequently, RIU’s operations were transferred to the RIB on 1 July 2021. The Net Assets of RIU amounts to \$0.1 million comprising \$0.1 million of Total Assets and \$0.1 million of Total Liabilities as at 31 July 2021. RIU will be deconsolidated subsequent to 31 July 2021 when the company has been wound up.

Notes to the financial statements continued

1. Basis of preparation – continued

Statement of compliance

The Act requires that TAB NZ prepare financial statements that comply with generally accepted accounting practice (GAAP) in New Zealand (as defined under the Financial Reporting Act 2013). The financial statements presented are for TAB NZ and its subsidiaries, the Racing Integrity Unit (RIU) and the Betting Accounts and Betting Vouchers Trust (collectively, the Group).

These financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS as appropriate for Tier 1 for-profit entities, which has been opted into by TAB NZ.

Basis of measurement

These financial statements have been prepared on the historical cost basis and are presented in New Zealand dollars (\$) which is TAB NZ's functional currency.

New standards, interpretations and amendments issued

The financial statements have been drawn up on the basis of accounting standards, interpretations and amendments effective at the beginning of the accounting period on 1 August 2020.

In April 2021, the IFRS Interpretations Committee (IFRIC) released an agenda decision on the accounting treatment of certain costs relating to Software as a Service (SaaS) arrangements. The decision provided post-transaction guidance on the accounting treatment of certain configuration and customisation costs incurred in relation to SaaS arrangements and had the effect of retrospective application; this means that reporting entities are required to review and reassess any previously recognised costs included within intangible assets and re-categorise such costs as expense (unless they form part of prepayments which will then require reclassification to another asset class and continue to be amortised over the relevant contract term). As of balance date, TAB NZ is in the process of completing a full assessment of the impact (including subsequent external audit review of such reassessment) considering the size of TAB NZ's intangible assets and recent investments made in developing the FOB system. It is anticipated that this will be completed early in the FY22 year.

There are no other new accounting standards, interpretations and amendments requiring additional disclosure as at 31 July 2021.

Changes in accounting policies

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the RITA's annual consolidated financial statements for the year ended 31 July 2020. Other than as mentioned above, the TAB NZ Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Going Concern

These financial statements are prepared on a going concern basis.

Critical accounting estimates and assumptions

TAB NZ has determined that there are no critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements. The preparation of the financial statements in conformity with NZ IFRS 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 assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Taxes, duties and levies

TAB NZ is exempt from New Zealand income tax pursuant to section CW 47 of the Income Tax Act 2007. The following taxes, duties, levies and similar charges are paid by TAB NZ:

- Betting duty of 1.33 cents in the dollar on Gross Betting Revenue, reduced to nil from 1 July 2021
- Gaming machine duty of 20 cents in the dollar on Gross Gaming Revenue
- Problem Gambling levy of 0.52 cents in the dollar on Gross Betting Revenue; and 0.78 cents in the dollar on Gross Gaming Revenue
- GST charged on GST-inclusive Gross Betting Revenue and Gross Gaming Revenue
- Broadcasting levy of 0.00051 cents in the dollar of revenue from broadcasting in New Zealand
- Fringe benefit tax (FBT)
- Accident Compensation Commission (ACC) levies
- Compulsory KiwiSaver employer contributions
- Property taxes including local body rates

Group entities

The financial statements incorporate the assets and liabilities of all entities controlled by TAB NZ as at 31 July 2021 and the results of the operations of such entities for the year. TAB NZ and such entities are together referred to in these financial statements as TAB NZ or the Group.

TAB NZ controls an entity when TAB NZ is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Controlled entities are consolidated from the date on which control is transferred to TAB NZ. Subsidiaries are deconsolidated from the date that control ceases. Balances between controlled entities, including inter-entity transactions, are eliminated.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Non-controlling interests are allocated their share of net profit in the statement of profit or loss and other comprehensive income and are presented within equity in the statement of financial position, separately from the equity attributable to TAB NZ; transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions in the equity holders' capacity as owners.

Interest in subsidiaries

	Principal place of business	Reporting date	Interest 2021 %	Interest 2020 %
Betting Accounts and Vouchers Trust	New Zealand	31 July	100	100
Racing Integrity Unit Limited	New Zealand	31 July	25	25

Consolidation of Betting Accounts and Betting Vouchers Trust

The Betting Accounts and Betting Vouchers Trust (the Trust) was established in 2004 to set aside funds for the purpose of covering amounts owed to customers on TAB NZ betting accounts and unrepresented vouchers. TAB NZ is the Trustee of the Trust. The deposits and cash balance held in trust are not available for use by TAB NZ in the ordinary course of business, up to the value of the betting account deposits and vouchers liability. TAB NZ controls the Trust which is therefore consolidated with these financial statements. The carrying amounts of the assets and liabilities in the financial statements reflect the restrictions that apply.

Notes to the financial statements continued

1. Basis of preparation – continued

Consolidation of Racing Integrity Unit Limited

RIU manages integrity services to the racing industry and is responsible for investigating and prosecuting breaches of the Rules of Racing. TAB NZ has consolidated Racing Integrity Unit Limited (RIU). TAB NZ provides all the funding income and financial support for RIU whilst also approving RIU’s budget. As such, despite only holding a 25% interest, TAB NZ is deemed to control RIU and, consequently, consolidates RIU. The remaining 75% interest in RIU (non-controlling interest) is owned equally by the three racing codes.

The RIU’s operations were transferred to the Racing Integrity Board (RIB) during FY21 as provided under the Racing Industry Act 2020. RIB is not considered to be controlled by TAB NZ and hence has not been consolidated and will not be consolidated going forward.

How were the results of the Group reported internally?

TAB NZ reports its operating segments on the basis of its distinct business operations in which specific strategies and decisions are made based on the nature, type of products and other factors (e.g. regulatory requirements) appropriate to each. These distinct business operations include the following:

Gaming operations

Operations relating to the provision of gaming activities. Costs specifically associated with gaming have been allocated to the gaming operating segment.

Betting operations

Operations relating to providing totalisator and fixed odds betting for racing and sports. Betting operations include broadcasting, racing services provided to the racing codes, retail and Head Office functions of TAB NZ. This segment includes all other TAB NZ functions and costs other than those specifically associated with gaming. The Betting Account and Betting Vouchers Trust operations, which are fully eliminated on consolidation, are included within the betting operations.

In addition to the two operating segments, the RIU operations, including the impact of consolidation adjustments, are presented separately under ‘RIU’. The RIU funding disclosed in Distributions is intended to cover its operating and capital expenditure. Consequently, the net profit after distributions represents the net of funding and operating and capital expenditure.

TAB NZ’s Executive Chair (until April 2021) and Chief Transition Officer (from April 2021) has been identified as TAB NZ’s chief decision maker for the purpose of applying segment reporting. The segment results disclosed are based on those segments reported to the chief decision maker and used by TAB NZ to analyse its business. The RIU operations are considered an operating segment as financial information is reported to the chief decision maker.

The following is an analysis of the Group's profit by reportable segments. There have been no changes in the nature of operating segments since 31 July 2020. The effect of transactions with RIU which are eliminated on consolidation have been separately disclosed to better reflect each segment’s performance. The prior year comparative information has also been updated to reflect this change.

2. Operating segments

The following is an analysis of the Group’s profit, assets and liabilities by reportable segments.

	Betting \$000	Gaming \$000	RIU \$000	Eliminations \$000	Total \$000
31 JULY 2021					
NET PROFIT / (LOSS) BEFORE DISTRIBUTIONS	163,961	21,137	(146)	(6,691)	178,261
Less distributions	(124,314)	(17,485)	–	6,691	(135,108)
Less provision for undistributed Gaming net profit	–	(3,652)	–	–	(3,652)
NET PROFIT / (LOSS) AFTER DISTRIBUTIONS	39,647	–	(146)	–	39,501
KEY SEGMENT INFORMATION					
Total turnover	2,562,611	513,557	–	–	3,076,168
Depreciation and amortisation	(20,289)	(1,193)	(87)	–	(21,569)
Additions to non-current assets (excluding right of use assets recognised on adoption of NZ IFRS 16)	8,169	945	142	–	9,256
Total assets	220,981	9,519	127	(52)	230,575
Total liabilities	(130,332)	(6,957)	(127)	52	(137,364)
	Betting \$000	Gaming \$000	RIU \$000	Eliminations \$000	Total \$000
31 JULY 2020					
NET PROFIT / (LOSS) BEFORE DISTRIBUTIONS	150,113	18,269	(97)	(5,759)	162,526
Less distributions	(121,409)	(15,200)	–	5,759	(130,850)
Less provision for undistributed Gaming net profit	–	(3,069)	–	–	(3,069)
NET PROFIT / (LOSS) AFTER DISTRIBUTIONS	28,704	–	(97)	–	28,607
KEY SEGMENT INFORMATION					
Total turnover	2,168,740	461,287	–	–	2,630,027
Depreciation and amortisation	(20,460)	(1,639)	(120)	–	(22,219)
Additions to non-current assets (excluding right of use assets recognised on adoption of NZ IFRS 16)	9,435	702	148	–	10,285
Total assets	198,992	7,525	1,647	(590)	207,574
Total liabilities	(145,964)	(7,525)	(1,501)	590	(154,400)

Notes to the financial statements continued

How did TAB NZ perform in creating value for its customers?

3. Revenue and Other income

TAB NZ’s total revenue and other income shown in the Statement of Profit or Loss and Other Comprehensive Income arise from contracts with customers covered under NZ IFRS 15 and from other sources covered under various other standards; these are summarised in the following table:

		2021 \$000	2020 \$000
Revenue from contracts with customers			
Net betting revenue	3a	315,947	264,431
Net gaming revenue	3a	29,278	26,265
NZ racing shown overseas revenue		16,598	19,479
Other revenue	3b	7,938	17,439
		369,761	327,614
Income from other sources	3b	2,766	983
Government grants	4	–	40,976
TOTAL REVENUE AND OTHER INCOME		372,527	369,573

3a. Revenue from contracts with customers

Net betting revenue and Net gaming revenue represent the net win or loss to TAB NZ. Net betting and gaming revenue consists of turnover less dividends paid or payable (see policy section below), less duties and GST. Problem gambling levies and betting and gaming machine duties are considered sales taxes, and are therefore included within net betting and gaming revenue, consistent with GST.

Income earned on racing shown overseas represents fees received from international betting agencies on the export of New Zealand racing events. This income is recognised based on the turnover taken by the international betting agencies on exported racing events and is recognised at the time that the racing event takes place.

Other revenue arising from contracts with customers represents fees charged for services rendered by TAB NZ to its counterparties and recognised at the time the corresponding service is rendered; a breakdown of these is shown in the note 3b, Other Revenue and income.

Turnover & dividends

Betting turnover comprises turnover from totalisator and fixed odds betting:

- Totalisator turnover is recognised once the outcome of the betting event is confirmed.
- Fixed odds turnover is recognised on those bets that are placed with a fixed return, once the outcome of the betting event is known and the result confirmed. For multi fixed odds bets, turnover is only recognised when the last leg is resulted.

Gaming turnover is recognised when the proceeds are received into the gaming machines. TAB NZ holds a licence issued by the Department of Internal Affairs under the Gambling (Class 4 Net Proceeds) Regulations 2004 to operate gaming machines.

Betting and gaming turnover is measured at the fair value of the consideration received, net of any refunds and rebates, and inclusive of GST.

Dividends payable on betting and gaming operations are recognised once the event has resulted, at the fair value of the consideration to be paid. Any unclaimed dividends on totalisator and fixed odds turnover are recognised as unpaid dividends within other financial liabilities. Dividends paid on gaming turnover represents payouts to customers from the gaming machines, including jackpot payouts.

	2021 \$000	2020 \$000
Betting turnover – racing	1,789,402	1,554,251
Betting turnover – sports	773,209	614,489
Total betting turnover	2,562,611	2,168,740
Gaming turnover	513,557	461,287
TOTAL BETTING AND GAMING TURNOVER	3,076,168	2,630,027

3b. Other revenue and income

TAB NZ’s other revenue and income comprises of the following:

Other revenue arising from contracts with customers (see note 3a)

- Merchant fee revenue is income derived from credit card transaction fees charged to customers which is recognised as revenue following a completed customer deposit transaction.
- Racing services income represents income earned by TAB NZ from providing on-course race day services to racing clubs. Racing services income is recognised at the time that the racing event takes place. As part of support measures enacted in FY20 for the industry’s return to racing, these have not been charged resulting in a nil balance in the current year.
- Revenue from Broadcasting within New Zealand is advertising income earned on TAB NZ’s Trackside TV channels and Radio Trackside and is subject to levies under the Broadcasting Act 1989; this is recognised when the advertising service is rendered.

Income from other sources

This represents other income items other than those arising from contract with customers in exchange for goods or services covered under NZ IFRS 15, Revenue; this includes interest income, gain on asset disposals and rental income which are each reported under relevant accounting standards to which they relate.

During the financial year ending 31 July 2021, TAB NZ recognised gain on disposal of assets of \$1.6 million which mainly relates to the sale of the radio licenses and related assets.

	2021 \$000	2020 \$000
Merchant fee revenue	7,066	5,626
Racing services	–	10,366
Revenue from broadcasting within New Zealand	388	577
Other revenue	484	870
TOTAL OTHER REVENUE ARISING FROM CONTRACTS WITH CUSTOMERS	7,938	17,439
Total revenue/income from other sources	2,766	983
TOTAL OTHER REVENUE AND INCOME	10,704	18,422

Notes to the financial statements continued

4. Government grants

TAB NZ received \$6.6 million for disbursement to the racing codes from the Crown during the period (prior year: \$49.0 million for various purposes summarised in the following table). TAB NZ’s accounting treatment of these grants depends on their respective terms and conditions consistent with NZ IAS 20, Government Grants. TAB NZ considered the nature and attached conditions for each grant; specifically, each grant was assessed whether TAB NZ is a principal or agent in respect of the use/transfer of the funds. Where TAB NZ is the principal, grants are recognised as revenue on a systematic basis depending on the entitlement of TAB NZ to use such funds which is essentially when associated conditions have been satisfied. Where TAB NZ is an agent, the grant is offset against the expense or distribution in the profit or loss.

The assessment for each category/type of Government funding received and disbursed is summarised below:

Grant nature and accounting treatment	2021 (\$ million)	2020 (\$ million)
Wage subsidy grants to TAB NZ Group have been recognised separately as a credit to Other Income in the profit or loss.	Nil	\$4.5 million
Grants to directly support TAB NZ’s operations and financial position have been recognised separately as a credit to Other Income in the profit or loss.	Nil	\$36.5 million
Total recognised as part of Revenue and Other Income	Nil	\$41.0 million
Grants to reimburse TAB NZ for transition and legislative reform, related amount of grants are recognised in the profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.	\$0.8 million	\$2.7 million
Total recognised against related expenses	\$0.8 million	\$2.7 million
Where funds have been received in advance of a right to use the funds, a liability is recognised in the statement of financial position. \$0.3 million has been received by TAB NZ for disbursement to Racing New Zealand upon the completion of their racing reviews. Prior year figures pertain to \$0.8 million of Transition funding grants and \$0.8 million of grants for the benefit of the racing codes which were disbursed in August 2020.	\$0.3 million	\$1.6 million
Total recognised in the statement of financial position	\$0.3 million	\$1.6 million
Total grants received and applicable to TAB NZ	\$1.1 million	\$45.3 million
Grants to the racing codes or National Sporting Organisations in accordance with the specifications of the Grantor, TAB NZ acts only as an intermediary (agent) to enable the disbursement of funds, the grants received and subsequently transferred out are effectively not included in TAB NZ’s statement profit or loss (i.e., nil impact). Of the \$7.4 million, \$6.6 million was received in FY21, the remaining \$0.8 million was recognised within the statement of financial position in the prior year.	\$7.4 million	\$3.7 million
Total grants passed through to the ultimate beneficiary	\$7.4 million	\$3.7 million
Total grants received by TAB NZ/racing codes/National Sporting Organisations	\$8.5 million	\$49.0 million

What costs were incurred in providing services to customers?

This section highlights the different costs incurred by TAB NZ to generate wagering and gaming turnover and as well as the costs required to carry out its operations.

5. Turnover related expenses

These relate to costs that are directly attributable to the betting and gaming turnover, as well as other revenue items realised during the period shown in the following table:

	2021 \$000	2020 \$000
Advertising and promotions	3,788	6,247
Commingling fee ¹	1,582	1,527
National sporting organisations ²	13,025	12,731
Overseas racing rights ³	31,821	30,265
Race form publications	133	631
Retail fees ⁴	12,886	12,086
Other turnover related expenses	10,791	8,517
TOTAL TURNOVER RELATED EXPENSES	74,026	72,004

- 1 **Commingling fees** are fees paid to overseas betting agencies on commingled pools. The fees are based on a percentage of the commingled turnover.
- 2 **National sporting organisation grants** are paid to New Zealand sporting bodies based on a combination of a percentage of turnover and betting margin earned on betting on the specific sport.
- 3 **Overseas racing rights** are fees paid to overseas broadcasters and betting agencies for taking bets on import racing. These fees are based on a percentage of turnover earned from each individual import race.
- 4 **Retail fees** represents commissions paid to non-TAB NZ owned outlets for providing services. A portion of the fees are fixed and the remaining is based on a percentage of the turnover earned by the outlet.

The effect of cost saving initiatives implemented during the second half of the 2020 financial year included targeted advertising and promotions campaigns which continued on in the 2021 financial year; this has proven to be effective in generating higher Fixed Odds Betting revenue from sports. Consequently, this has resulted in higher payments to National Sporting Organisations, overseas racing rights and revenue share fees (in Other turnover related expenses).

Notes to the financial statements continued

6. Operating expenses

The reduction in operating expenses reflects the impact of cost saving initiatives implemented during the second half of the 2020 financial year; notable savings relate to communications and technology expenses and staff expenses where various operational changes were made in response to COVID-19.

6a. Staff expenses

Compensation of key management personnel for the year to 31 July 2021 are as below.

	2021 \$000	2020 \$000
Salaries and other short-term employee benefits	1,903	2,809
Total Chief Executive and leadership team remuneration	1,903	2,809
Board members' fees	374	266
TOTAL COMPENSATION OF KEY MANAGEMENT PERSONNEL	2,277	3,075

As at 31 July 2021, the TAB NZ leadership team included five members (2020: nine members). Subsequent to 31 July 2020, a review of the leadership structure was completed with the revised structure taking effect from 7 September 2020.

Board members' fees for the year to 31 July 2020 is partially offset by funding received by RITA as part of its racing industry transition activities, performed on behalf of the DIA, resulting in a comparatively lower amount for that period as no additional funding was received by TAB NZ during the year to 31 July 2021.

6b. Other operating expenses

	2021 \$000	2020 \$000
Auditors remuneration		
- Audit and review of financial statements	295	254
- Anti-Money Laundering and Counter Financing of Terrorism compliance assurance services	94	—
- Taxation compliance services	11	15
- Non-audit non-assurance services (C4 agreed upon procedures)	6	5
Board members	374	266
Consultancy	565	498
Interest ¹	1,974	2,256
Legal	373	406
Merchant	6,812	5,715
Printing and stationery ²	143	173
RIU swabbing costs	1,294	1,238
Travel and accommodation ²	1,308	1,834
Other operating expenses	3,782	2,726
TOTAL OTHER OPERATING EXPENSES	17,031	15,386

1 A portion of the total interest expense for the year included interest expense on lease contracts of \$1.4 million (2020: \$1.2 million).

2 Printing and stationery and Travel and accommodation include costs of short-term and low value lease agreements during the period which were recognised as expenses over the lease term.

How TAB NZ supported the racing and sporting communities!

TAB NZ distributes its net profit to the racing community and distributes gaming grants to sporting community organisations. This section shows how the betting and gaming net profit of TAB NZ was distributed to these stakeholders.

7. Distributions and Other payments

31 JULY 2021	BETTING \$000	GAMING \$000	Undistributed RITA Gaming net profit from 31 July 2020 \$000	TOTAL \$000
Distributions to the racing community				
Code funding	121,928	—	—	121,928
Racing integrity entities	2,386	7,143	2,491	12,020
Other application of funds from Gaming operations				
Infrastructure development	—	2,595	1,115	3,710
Raceform publications	—	160	—	160
Stakes enhancement	—	3,400	—	3,400
Other racing authorised	—	1,409	4	1,413
TOTAL DISTRIBUTIONS TO THE RACING COMMUNITY	124,314	14,707	3,610	142,631
Distributions (grants) to sporting community organisations				
Sports authorised purposes (paid and payable)	—	2,778	574	3,352
TOTAL DISTRIBUTIONS (GRANTS) TO SPORTING COMMUNITY ORGANISATIONS	—	2,778	574	3,352
Reversal of prior period provision for undistributed net profit	—	—	(3,069)	(3,069)
Reversal of prior year accumulated gaming net profit	—	—	(1,115)	(1,115)
TOTAL DISTRIBUTIONS FROM TAB NZ PARENT	124,314	17,485	—	141,799
Distributions to RIU – eliminated on consolidation	—	(6,691)	—	(6,691)
TOTAL DISTRIBUTIONS FROM GROUP	124,314	10,794	—	135,108

Notes to the financial statements continued

7. Distributions and Other payments – continued

31 JULY 2020	BETTING \$000	GAMING \$000	Undistributed Gaming net profit from 31 July 2019 \$000	TOTAL \$000
Distributions to the racing community				
Code funding	119,784	–	–	119,784
Racing integrity entities	–	7,954	850	8,804
The Races Partnership Limited	1,676	835	76	2,587
Other application of funds from Gaming operations				
Infrastructure development	–	1,054	1,528	2,582
Race form publications	–	749	201	950
Stakes enhancement	–	1,461	258	1,719
Other racing authorised	–	1,186	4	1,190
TOTAL DISTRIBUTIONS TO THE RACING COMMUNITY	121,460	13,239	2,917	137,616
Distributions (grants) to sporting community organisations				
Sports authorised purposes (paid and payable)	–	1,961	78	2,039
TOTAL DISTRIBUTIONS (GRANTS) TO SPORTING COMMUNITY ORGANISATIONS	–	1,961	78	2,039
Reversal of prior year provision for undistributed net profit	–	–	(1,763)	(1,763)
Reversal of prior year accumulated gaming net profit	–	–	(1,232)	(1,232)
TOTAL DISTRIBUTIONS FROM RITA PARENT	121,460	15,200	–	136,660
Distributions to RIU – eliminated on consolidation	–	(5,810)	–	(5,810)
TOTAL DISTRIBUTIONS FROM GROUP	121,460	9,390	–	130,850

The undistributed gaming surplus from FY20 of \$3.1 million was allocated to FY21 gaming distributions as detailed above. During the year to 31 July 2021, \$1.1 million of the accumulated funds were applied to the synthetic track infrastructure development projects. As at balance date, \$2.4 million of accumulated funds related to synthetic track development projects are reported under current provisions in the statement of financial position.

Other payments made and payable to the racing codes

In addition to the above distributions, the following were transferred and payable to the racing codes during the year ending 31 July 2021:

- Betting Duty savings of \$7.1 million; and
- Betting Information Use Charges of \$18.5 million

As the legislation and relevant regulations provide for the above items to be directly paid out by the TAB NZ to specified external entities, the TAB NZ is considered an agent for the underlying transactions and have, therefore, excluded the impact of those transactions in the statement of profit or loss; any funds retained and subsequently transferred out are reflected in the statement of financial position. There are no other payments made to the racing codes in the prior year.

Operating assets and liabilities

This section provides information about the assets used to generate the results of TAB NZ and the liabilities incurred as a result.

8. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and call deposits with an original maturity of three months or less.

The carrying values of cash and cash equivalents approximate their fair values. The maximum credit exposure is limited to the carrying value of cash and call deposits.

Cash denominated in foreign currencies is translated into New Zealand dollars at the spot rate at the reporting date. All differences arising on settlement or translation of monetary items are taken to profit or loss.

	2021 \$000	2020 \$000
Cash in bank and on hand	61,963	51,120
Betting Accounts and Betting Vouchers Trust	1,000	3,000
TOTAL CASH AND CASH EQUIVALENTS	62,963	54,120

Included in the above is \$0.3 million held on behalf of Racing New Zealand and is therefore not available for operational use by TAB NZ. Refer to note 4 for further detail. The Betting Accounts and Betting Vouchers Trust account balance is not available for operational use by TAB NZ up to the value of the betting deposits and vouchers liability (see note 15).

9. Trade and other receivables

Trade and other receivables are initially recognised at the fair value of the amounts to be received. They are subsequently measured at amortised cost, using the effective interest method, less any provision for impairment loss due to doubtful debts under the expected credit loss (ECL) model; refer to note 19.

Included within trade and other receivables are the amounts owed to TAB NZ from non-TAB NZ owned retail outlets. The retail outlets are required to settle on a weekly basis. TAB NZ's practice is to require either bank guarantees or cash bonds from non-TAB NZ owned retail outlets of a value generally greater than a week's settlement; these cash bonds are included in trade and other payables.

Trade and other receivables are non-interest bearing and are generally on terms of 30 days or less; the carrying value of trade and other receivables approximates the fair value.

	2021 \$000	2020 \$000
Trade and other receivables	9,461	7,471
Provision for doubtful debts	(18)	(263)
TOTAL TRADE AND OTHER RECEIVABLES	9,443	7,208

Notes to the financial statements continued

10. Trade and payables

Trade and other payables are recognised when TAB NZ becomes obliged to make future payments resulting from the purchase of goods and services and are accounted for as a liability at amortised cost (refer to note 19). All trade and other payables are non-interest bearing other than the racing code distributions payable. The carrying value of trade and other payables approximates their fair value.

Employee entitlement liabilities for annual leave and other contractual payments expected to be settled within 12 months of the reporting date are recognised in other payables, in respect of employees’ services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

	2021 \$000	2020 \$000
Accruals	5,026	8,044
Government grants received in advance	317	1,578
Amounts payable to Board members	9	1
Employee entitlements	3,575	3,990
Racing code distributions payable	6,881	2,420
Trade payables	9,447	11,998
TOTAL TRADE AND OTHER PAYABLES	25,255	28,031

11. Customer betting account deposits and vouchers

The customer betting account deposits and vouchers balance represents the amount held in customers’ betting accounts and outstanding betting vouchers. A betting voucher is a voucher (including gift vouchers) purchased by customers that can be used to place a bet or can be exchanged for cash. A liability is recognised when a customer deposits cash into their betting accounts or when a betting voucher is purchased. The resulting liability is accounted for as a financial liability at amortised cost (refer to note 19).

The customer betting account deposits and vouchers liability is non-interest bearing. The liability is derecognised when either a deposit or voucher is redeemed or used to place a bet, or in accordance with the Betting Rules, the betting account or voucher is deemed inactive.

During the year TAB NZ deemed \$0.4 million (2020: \$0.4 million) of betting vouchers and \$0.7 million (2020: \$0.9 million) of betting accounts to be inactive and have been released from the liability consistent with accounting for breakages under NZ IFRS 15.

The balance of the customer betting accounts deposit and vouchers liabilities as at 31 July 2021 was \$23.7 million (2020: \$22.1 million). Short-term deposits and cash totalling \$30.0 million (2020: \$27.0 million) is held in trust to cover this liability in the Betting Accounts and Vouchers Trust.

12. Liabilities from contracts with customers

Jackpot retentions are established in accordance with the Racing Rules pursuant to section 76 of the Racing Industry Act 2020. These comprise amounts set aside from the dividend pools of certain specified bet types. The funds accumulated are used solely for supplementing certain future dividend pools for the originating racing code.

Unclaimed dividends represent the liability to winning customers on betting activities that have yet to be claimed. Unclaimed dividends are recognised at the time the related revenue is recognised which is when the outcome of the betting event is known. This liability includes unclaimed dividends that are less than six months old. Unclaimed dividends equal to or greater than six months are derecognised and recorded as a reduction in dividends in profit or loss. Breakages, as defined by NZ IFRS 15, meaning an estimation of dividends that remain unclaimed past the six month expiry date, are also recognised at the time of revenue recognition.

Unresulted turnover represents open totalisator and fixed odds betting positions. Open betting positions are those where customers have placed bets and where at balance date the event to which the bet relates has not occurred. These open betting positions are considered to be derivative financial instruments for financial reporting purposes. Unresulted turnover is initially measured at fair value on the date the bet is placed. Fair value is the amount placed on the bet. Subsequently, derivative financial instruments are re-valued to their fair value at each reporting date. TAB NZ has determined that the value of the balance upon initial recognition approximates fair value at 31 July 2021.

	2021 \$000	2020 \$000
Jackpot retentions	1,390	812
Unclaimed dividends	1,318	1,194
Unresulted turnover	1,392	1,280
TOTAL LIABILITIES FROM CONTRACTS WITH CUSTOMERS	4,100	3,286

During the year, TAB NZ released \$0.3 million (2020: \$0.8 million) of aged dividends unlikely to be settled.

Notes to the financial statements continued

13. Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis so as to allocate the cost of each asset over its expected useful life (reviewed annually) to its estimated residual value. Depreciation is recognised within ‘Depreciation and amortisation’ in the statement of profit or loss.

Estimated useful life	
Leasehold improvements (shorter of lease period or estimated useful life)	6-7 years
Computer hardware	2-7 years
Motor vehicles	4-7 years
Operations and trackside equipment	5-15 years
Gaming machines	5 years
Other (consists of laboratory equipment, furniture and office equipment)	5-10 years
Finance lease assets are depreciated over their respective lease terms.	Various

The carrying amounts of property, plant and equipment 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 to determine the extent, if any, of the impairment loss recognised in profit or loss. An impairment assessment was performed and no impairment was identified.

	Leasehold improvements	Computer hardware	Motor vehicles	Operations and trackside equipment	Gaming machines	Property leases	Other	Work in progress	Total property, plant and equipment
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
AS AT 1 AUGUST 2019									
At cost	38,908	47,943	9,173	49,854	9,887	42,022	8,199	4,079	210,065
Accumulated depreciation	(27,428)	(45,447)	(3,954)	(38,212)	(7,644)	–	(5,411)	–	(128,096)
CARRYING AMOUNT	11,480	2,496	5,219	11,642	2,243	42,022	2,788	4,079	81,969
Additions	356	304	1,172	2,096	567	–	30	291	4,816
Disposals	(242)	(6)	(128)	(59)	(3)	–	–	–	(438)
Transferred from work in progress	494	214	925	2,410	–	–	27	(4,070)	–
Depreciation for the year	(3,063)	(1,223)	(1,004)	(2,839)	(1,122)	(5,518)	(550)		(15,319)
Lease adjustments	–	–	–	–	–	(162)	–	–	(162)
CARRYING AMOUNT AT 31 JULY 2020	9,025	1,785	6,184	13,250	1,685	36,342	2,295	300	70,866
AS AT 1 AUGUST 2020									
At cost	37,684	48,054	10,555	53,946	10,336	41,613	8,212	300	210,700
Accumulated depreciation	(28,659)	(46,269)	(4,371)	(40,696)	(8,651)	(5,271)	(5,917)	–	(139,834)
CARRYING AMOUNT	9,025	1,785	6,184	13,250	1,685	36,342	2,295	300	70,866
Additions	1,204	687	86	84	945	1,785	52	477	5,320
Disposals	(21)	(46)	(934)	(148)	(2)	–	(1,701)	–	(2,852)
Transferred from work in progress	126	73	–	17	–	–	–	(216)	–
Depreciation for the year	(2,890)	(1,030)	(994)	(2,841)	(807)	(5,395)	(407)	–	(14,364)
Lease adjustments	–	–	–	–	–	3,187	–	–	3,187
CARRYING AMOUNT AT 31 JULY 2021	7,444	1,469	4,342	10,362	1,821	35,919	239	561	62,157
At cost	38,578	48,384	8,229	51,399	10,835	45,257	2,972	561	206,215
Accumulated depreciation	(31,134)	(46,915)	(3,887)	(41,037)	(9,014)	(9,338)	(2,733)	–	(144,058)
CARRYING AMOUNT	7,444	1,469	4,342	10,362	1,821	35,919	239	561	62,157

At 31 July 2021 the contractual commitment for acquisition of property, plant and equipment for the Group was \$0.3 million (2020: \$0.4 million). The NEP (formerly NZ Live) finance lease of \$1.2 million as at 31 July 2021 (2020: \$1.5 million) is included in Operations and Trackside Equipment. There are no restrictions on property, plant and equipment assets or any assets pledged as securities for liabilities.

Notes to the financial statements continued

14. Intangible assets

Broadcasting licences, software and other intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

TAB NZ develops specialised software for its own use in the business. The cost of internally generated software comprises all directly attributable costs necessary to create and prepare the asset to be capable of operating in the manner intended by management, including direct labour costs and an appropriate portion of relevant overheads incurred to actually design, develop, test and implement the asset. Other costs incurred pre-development and post-implementation are recognised as an expense when incurred.

Amortisation is charged on a straight-line basis over the estimated useful lives of the asset and is recognised within ‘Depreciation and amortisation’ in the statement of profit or loss. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount, which is the higher of the fair value less cost of disposal and value in use. Impairment assessment is done on the lowest level in which assets are separately identifiable in terms of their respective cash flow (cash generating unit). Impairment is reviewed at least at the end of each reporting period.

Estimated useful life

Software	3-7 years
Broadcasting licenses	14-20 years
Lease intangibles (term of lease)	2-6 years

The carrying amounts of intangible 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 to determine the extent, if any, of the impairment loss recognised in the statement of profit or loss. An impairment assessment was performed and no impairment was identified.

	Software \$000	Broadcasting licences \$000	Other intangible assets \$000	Work in progress \$000	Total intangible assets \$000
AS AT 1 AUGUST 2019					
At cost	90,115	2,925	1,326	4,413	98,779
Accumulated amortisation	(49,969)	(1,862)	(1,221)	–	(53,052)
CARRYING AMOUNT	40,146	1,063	105	4,413	45,727
Additions	2,272	–	–	3,197	5,469
Transferred from work in progress	4,422	–	–	(4,422)	–
Amortisation for the year	(6,692)	(123)	(85)	–	(6,900)
CARRYING AMOUNT AT 31 JULY 2020	40,148	940	20	3,188	44,296
At cost	96,807	2,925	1,326	3,188	104,246
Accumulated amortisation	(56,659)	(1,985)	(1,306)	–	(59,950)
CARRYING AMOUNT	40,148	940	20	3,188	44,296
Additions	3,124	–	–	2,597	5,721
Disposals	(33)	(595)	–	–	(628)
Transferred from work in progress	3,097	–	–	(3,097)	–
Amortisation for the year	(7,027)	(85)	(6)	–	(7,118)
CARRYING AMOUNT AT 31 JULY 2021	39,309	260	14	2,688	42,271
At cost	102,267	1,761	644	2,688	107,360
Accumulated amortisation	(62,958)	(1,501)	(630)	–	(65,089)
CARRYING AMOUNT	39,309	260	14	2,688	42,271

At 31 July 2021 there were no contractual commitment for acquisition of software and other intangibles (2020: nil). There are no restrictions on intangible assets or any assets pledged as securities for liabilities. During the year \$0.4 million of interest costs were capitalised as part of software (2020: \$0.4 million).

Notes to the financial statements continued

15. Other financial assets

	2021 \$000	2020 \$000
Term deposits including Betting Accounts and Vouchers Trust	44,999	24,000
Lease receivable	3,007	3,182
Other	–	89
TOTAL OTHER FINANCIAL ASSETS	48,006	27,271
Disclosed as:		
Current	45,617	24,596
Non-current	2,389	2,675
TOTAL OTHER FINANCIAL ASSETS	48,006	27,271

Term deposits of \$45 million is made up of the following:

- \$29 million relates to the **Betting Accounts and Betting Vouchers Trust** representing funds held in trust to cover the balance of customer betting accounts deposits and vouchers liability; additionally, a further \$1 million of funds included within cash and cash equivalents is held to cover the total owed to customers of betting account deposits and vouchers liability of \$24 million. The deposits and cash balance held in trust are not available for use by TAB NZ in the ordinary course of business up to the value of the betting deposits and vouchers liability.
- \$16 million relates to TAB NZ general cash funds invested in term deposits as part of TAB NZ’s normal investment strategy.

16. Borrowings and other financial liabilities

TAB NZ has an unsecured revolving credit facility of \$35.0 million with a full contractual term ending November 2023. Interest is payable based on prevailing market rate plus a margin; there are no guarantees or covenants attached to this facility.

As at balance date, TAB NZ has \$25.0 million of bank borrowings (FY20: \$45.0 million) and \$10.0 million of undrawn banking facilities available to it.

Other financial liabilities includes cash bonds received from various site operators such as pubs and clubs that host our betting facilities (e.g. combination of screens and self-service terminals which enables betting and racing displays onsite).

17. Provisions

Provisions are recognised when the following three conditions are met:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources with economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount of a provision represents the best estimate of the expenditure required to settle the obligation at the end of the reporting period. The discount rates used are government stock rates consistent with the term of the obligation.

	Make good \$000	Employee benefit \$000	Redundancy \$000	Undistributed Gaming net profit \$000	Totalisator Duty savings \$000	Total provisions \$000
BALANCE AT 31 JULY 2020	802	472	875	4,367	–	6,516
Additional provisions	–	–	–	5,881	3,566	9,447
Provisions released	(38)	–	–	–	–	(38)
Provisions used	–	(137)	(875)	(3,069)	–	(4,081)
Provisions used for synthetic track	–	–	–	(1,115)	–	(1,115)
BALANCE AT 31 JULY 2021	764	335	–	6,064	3,566	10,729

Notes to the financial statements continued

Financial risks

This section discusses TAB NZ’s exposure to various financial risks, explains how these affect the financial position and performance of TAB NZ and what TAB NZ does to manage these risks. This section also provides information on any items that are not recognised in the financial statements but could potentially have an impact on TAB NZ’s financial position and performance.

18. Categories of financial instruments

		2021 \$000	2020 \$000
Financial assets at amortised costs			
Cash and cash equivalents	8	62,963	54,120
Trade and other receivables	9	9,443	7,208
Other financial assets	15	48,006	27,271
		120,412	88,599
Financial liabilities at amortised costs			
Trade and other payables	10	25,255	28,031
Customer betting account deposits & vouchers	11	23,659	22,137
Liabilities from contracts with customers	12	4,100	3,286
Borrowings	16	25,000	45,000
Leases	22	41,581	42,191
Other financial liabilities	16	1,615	1,513
		121,210	142,158
Derivatives designated as hedging instruments			
Derivative assets/(liabilities), foreign exchange contracts		266	(295)
		266	(295)

19. Accounting policies for financial instruments

Financial assets

Classification and measurement

TAB NZ classifies its financial assets into the following categories based on its business model for managing the financial assets and the contractual terms of the cash flows:

Those measured at amortised cost

This includes debt instrument assets that are held for collection of contractual cash flows representing solely payment of principal and interest. At initial recognition, these are measured at fair value plus transaction costs that are directly attributable to the acquisition of the asset.

Subsequently, these are carried at amortised costs using the effective interest method. Any gains or losses arising on derecognition as well as any interest income realised from these financial assets are reported in profit or loss. TAB NZ classifies its non-derivative financial assets under this category.

Those measured at fair value through other comprehensive income (FVOCI)

This includes debt instrument assets that are held for collection of contractual cash flows representing solely payment of principal and interest and for selling the asset.

Those measured at fair value through profit or loss (FVPL)

Financial assets that do not meet the criteria for amortised cost or FVOCI are classified and measured as FVPL. TAB NZ only changes classification when and only when the business model for managing those assets changes.

Impairment of financial assets

TAB NZ assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, TAB NZ applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables. For debt investments carried at amortised cost, TAB NZ has applied the general ECL model which either uses a 12-month ECL or lifetime losses depending on whether there has been a significant increase in credit risk. All of TAB NZ’s debt investments have low credit risk at both the beginning and end of the periods reported in these financial statements.

Financial liabilities

Classification and measurement

TAB NZ classifies all of its non-derivative financial liabilities as ‘financial liability measured at amortised cost’ category. At initial recognition, these are measured at fair value less transaction costs that are directly attributable to the issue of the instrument. Subsequently, these are carried at amortised cost using the effective interest method.

Any gains or losses arising on derecognition as well as any interest expense incurred from these financial liabilities are reported in profit or loss (unless capitalised as part of the cost of borrowing to fund a qualifying asset).

Derivative financial instruments

TAB NZ’s derivative financial instruments include foreign exchange contracts used to hedge foreign currency exposures; these are designated under hedge accounting and are measured at their fair value; movements in the carrying amount of these hedging instruments are reported under OCI as part of equity to the extent the hedge is effective and are recycled to profit or loss upon maturity. Hedging gains and losses arising from payables associated with the acquisition of property, plant and equipment and intangible assets are included in the cost of that asset.

Capital risk management

TAB NZ manages its capital considering stakeholders’ interests, in particular distributions to the racing codes, the value of TAB NZ assets and funding/retentions required for approved initiatives. TAB NZ’s capital mainly comprises the general reserve, consisting of accumulated balances of prior years’ retained surplus net of any losses, plus the current year net profit or loss and debt balances. TAB NZ’s capital management policies are designed to ensure that agreed distributions to the racing codes are maintained while also allowing for approved initiatives to be funded.

Financial risk management

In the normal course of business, TAB NZ is exposed to a variety of financial risks. This section explains TAB NZ’s exposure to financial risks, how these risks could affect the Groups’ financial performance and how they are managed.

Key risk management objectives

To ensure that TAB NZ achieves its financial objectives as stipulated by both TAB NZ and the Board and to protect/enhance stakeholder wealth and providing assurance to other stakeholders such as staff, bankers, and business partners that TAB NZ’s financial risks are identified and prudently managed, risk management is broadly operated under the formal Treasury Policy as set out below. TAB NZ’s risk management objective is to maintain a low probability of business disruption while ensuring compliance with statutory financial obligations and best practice management strategy.

TAB NZ’s financial risk exposure includes liquidity risk, foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments. TAB NZ’s risk management strategy for each risk type is discussed in detail in this section.

Notes to the financial statements continued

19. Accounting policies for financial instruments – continued

Key risk management strategy

In general, TAB NZ manages its financial risks through the Treasury function which co-ordinates the investment of cash, surplus to current operational requirements, as well as monitoring and managing all financial risks relating to the operations of TAB NZ. Risk management objectives are set forth under the Treasury Policy approved by the Board of TAB NZ which broadly provides for the efficient and prudent management of financial risks related to the operating of TAB NZ's operations, assets and other revenue-generating activities.

This policy provides written principles on various financial risks that TAB NZ is exposed to including liquidity risk, foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments. TAB NZ does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Additionally, TAB NZ uses recognised bookmaking tools and strategies to appropriately manage its Betting risk and exposure. These include customer profiling, pricing management and using a spread of options to take a portfolio approach. In addition to this, the bookmakers are also able to lay off exposures with other betting agencies.

Risk	Exposure arising from	Monitoring	Management
Liquidity risk	Liabilities and financial guarantees	Cash flow forecasting	Maintaining adequate cash reserves of liquid short-term deposits and sufficient access to committed facilities.
Credit risk	Cash and cash equivalents, trade and other receivables, industry loans, financial guarantees, and derivative contracts	Credit ratings of banks	Ongoing review of balances and contractual arrangements involving bank guarantees or cash bonds. Ongoing review of business plans.
Foreign exchange rate risk	Foreign currency denominated transactions, foreign currency denominated monetary held assets and liabilities	Forecasting of foreign currency transactions	Use of foreign exchange hedges.
Interest rate risk	Cash and cash equivalents, short-term deposits, borrowings and industry loans	Sensitivity analysis	Ongoing review by management.

Liquidity risk

Liquidity risk relates to TAB NZ's ability to meet its financial obligations when they fall due.

As TAB NZ's revenues are principally transactions involving immediate cash receipts, short-term liquidity is covered by trading receipts and highly liquid bank deposits. TAB NZ manages longer dated liquidity risk by maintaining adequate cash reserves of liquid short-term deposits to satisfy anticipated capital expenditure and distribution requirements. In addition, TAB NZ manages this risk by ensuring sufficient access to committed facilities, continuous cash flow and working capital monitoring and maintaining prudent levels of short-term debt levels and maturities.

The following table outlines TAB NZ's remaining contractual maturities for its financial liabilities at their respective notional undiscounted cash flows (i.e., including both principal and interest where applicable) based on the earliest date on which TAB NZ can be required to pay.

		Carrying amount	Total contractual cash flows	On demand	Less than 3 months	3 months to 1 year	1-5 years	+ 5 years
		\$000	\$000	\$000	\$000	\$000	\$000	\$000
FINANCIAL LIABILITIES 2021								
Trade and other payables	10	25,255	25,255	–	25,255	–	–	–
Customer betting account deposits & vouchers	11	23,659	23,659	23,659	–	–	–	–
Liabilities from contracts with customers	12	4,100	4,100	–	4,100	–	–	–
Borrowings	16	25,000	26,130	–	53	156	25,921	–
Leases	22	41,581	47,392	–	1,806	5,329	22,425	17,832
Other financial liabilities	16	1,615	1,615	–	–	–	1,615	–
		121,210	128,151	23,659	31,214	5,485	49,961	17,832
Unrecognised financial liabilities								
TAB NZ guarantee exposure	23	–	7,400	7,400	–	–	–	–
TOTAL CASHFLOWS FROM ALL FINANCIAL LIABILITIES		121,210	135,551	31,059	31,214	5,485	49,961	17,832

		Carrying amount	Total contractual cash flows	On demand	Less than 3 months	3 months to 1 year	1–5 years	+ 5 years
		\$000	\$000	\$000	\$000	\$000	\$000	\$000
FINANCIAL LIABILITIES 2020								
Trade and other payables	10	28,031	28,031	–	28,031	–	–	–
Customer betting account deposits & vouchers	11	22,137	22,137	22,137	–	–	–	–
Liabilities from contracts with customers	12	3,286	3,286	–	3,286	–	–	–
Borrowings	16	45,000	45,854	–	–	–	45,854	–
Leases	22	42,191	50,440	–	1,820	5,279	23,189	20,152
Other financial liabilities	16	1,513	1,513	–	–	–	1,513	–
		142,158	151,261	22,137	33,137	5,279	70,556	20,152
Unrecognised financial liabilities								
RITA guarantee exposure	23	–	8,429	8,429	–	–	–	–
TOTAL CASHFLOWS FROM ALL FINANCIAL LIABILITIES		142,158	159,690	30,566	33,137	5,279	70,556	20,152

As at 31 July 2021, it is not expected that the financial guarantees will be called.

Notes to the financial statements continued

19. Accounting policies for financial instruments – continued

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. TAB NZ is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

TAB NZ manages its credit exposure ensuring all borrowings, investments, cash management, interest rate risk management, and any foreign transactions are undertaken with counter parties having a Standard and Poor’s (S&P) credit rating for marketable debt instruments at or above the limits defined under the Treasury Policy; by limiting the level of exposure with a particular counterparty and rigorously monitoring compliance with these limits.

Additionally, in terms of its operational counterparty balances on certain receivables, TAB NZ’s practice is to require either bank guarantees or cash bonds from non-TAB NZ owned retail outlets of a value generally greater than a week’s settlement.

	2021 \$000	2020 \$000
Total financial assets (refer to note 18)	120,412	88,599
Unrecognised credit exposures:		
Industry loan guarantees	4,610	4,610
Other third party guarantees	2,790	3,819
Unrecognised credit exposures:	7,400	8,429
TOTAL CREDIT EXPOSURES	127,812	97,028

Concentrations of credit risk

TAB NZ is exposed to the following industry and geographical concentrations of credit risk for trade and other receivables.

		2021 \$000		2020 \$000
	%		%	
Trade and other receivables				
(Industry & geographical concentrations)				
Australian betting agencies	29.2%	2,766	32.3%	2,414
New Zealand retail TAB outlets	34.4%	3,250	29.3%	2,187
Bank and other banking institutions	17.6%	1,666	4.0%	299
Other New Zealand trade and other receivables	18.8%	1,779	34.4%	2,571
TOTAL TRADE AND OTHER RECEIVABLES	100.0%	9,461	100.0%	7,471

Foreign currency exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. TAB NZ is exposed to exchange rate fluctuations from certain foreign currency denominated transactions it undertakes.

TAB NZ manages these exposures within approved policy parameters which include the use of forward foreign exchange contracts which are designated as a hedge.

When a derivative is entered into for the purpose of being a hedge, TAB NZ negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. As at 31 July 2021, TAB NZ has total notional value of FEC hedges of \$11.8 million with fair value of \$15.1 million (2020: \$11.5 million notional value and \$14.0 million fair value) which are held to hedge AUD and GBP exposures.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. TAB NZ’s exposure to the risk of changes in market interest rates relates primarily to its investments in the form of cash, term deposits and loans as well as its bank borrowings with floating interest rates.

To address the risk of adverse interest rate movements, balanced by meeting liquidity objectives, TAB NZ invests funds to a maturity profile and mix that complies to prudent and risk spreading limits as defined within the Treasury Policy that effectively ensures a continuous and forced diversification of maturities across the portfolio of investments and thus spreads and reduces the concentration of interest rate repricing risk at times of re-investments.

Interest rate sensitivity

As at 31 July 2021, if the interest rates had increased/decreased by 50 basis points, with all other variables held constant, the net surplus before distributions would have been \$0.4 million (2020: \$0.1 million) higher/lower as a result of higher/lower net interest receipts and payments while there will be no increase/decrease in equity due to interest paid on borrowings being capitalised.

Notes to the financial statements continued

20.Related parties

ENTITY	TRANSACTION	Transaction value		Balance outstanding	
		2021 \$000	2020 \$000	2021 \$000	2020 \$000
New Zealand Greyhound Association Incorporated	Funding from betting operations	(26,315)	(21,442)	(671)	(139)
	On-course venue services, trackside operations and radio services	–	1,850	–	–
	Other services provided by TAB NZ	986	1,275	1	93
	Other charges to / funding and transfers from TAB NZ	–	(3)	–	–
Harness Racing New Zealand Incorporated	Funding from betting operations	(42,488)	(34,892)	(2,272)	(630)
	On-course venue services, trackside operations and radio services	–	3,287	–	–
	Other charges to / funding and transfers from TAB NZ	(106)	–	–	–
New Zealand Thoroughbred Racing Incorporated	Funding from betting operations	(79,033)	(63,454)	(3,871)	(1,656)
	On-course venue services, trackside operations and radio services	–	5,450	–	–
	Other services provided by TAB NZ	50	219	3	5
	Other charges to / funding and transfers from TAB NZ	(1)	(2)	–	(2)
Racing Integrity Unit Limited	Funding from gaming operations	(6,691)	(5,810)	(52)	(590)
	Other services provided by TAB NZ	48	52	–	–

Refer to note 2 for further information regarding RIU. The balance outstanding with RIU relates to certain payments made to RIU employees, for which RIU will reimburse TAB NZ. All related party transactions between RIU and TAB NZ are eliminated on consolidation into TAB NZ Group. Transactions and balances with the racing codes are included in the above table to provide relevant information around significant transactions that TAB NZ had with these entities, particularly distributions and other payments (see note 7).

Kristy McDonald ONZM QC, a Board Member of TAB NZ until 31 July 2021, is also a Member of Racing Integrity Board to whom TAB NZ provided funding in accordance with the Racing Industry Act 2020. No other transactions occurred during the period and no amount was outstanding at year end. There have been no significant changes to the related parties or transactions with related parties since 31 July 2020.

Other information

21. Non-cancellable operating commitments

TAB NZ has a number of non-cancellable operating commitments that relate to services other than the lease of land and buildings.

A contract is considered non-cancellable for any period where either no cancellation provision exists in the contract or where the requirements or costs of cancellation are so significant that cancellation of the contract is remote.

Non-cancellable contracts held by TAB NZ predominantly comprise technical services associated with the broadcasting of racing, telecommunication services and fixed odds betting platform. The increase in operating commitments relates to longer term contracts with external parties in relation to the strategic initiatives.

	2021 \$000	2020 \$000
Within one year	23,350	27,369
Later than one year but no later than five years	39,513	48,116
Later than five years	9,426	12,168
TOTAL OTHER NON-CANCELLABLE OPERATING COMMITMENTS	72,289	87,653

Foreign-currency denominated commitments (related to TAB NZ’s fixed odds betting platform and operations) included above have been translated using the indicative forward rates as of balance date corresponding to the period of the associated cash flows in those projects unless these have been hedged; in which case, the contract rates were used instead.

Notes to the financial statements continued

22. Leases

TAB NZ leases buildings and equipment, as a lessee, for its retail operations, as well as certain buildings for office functions. The leases have varying terms and renewal options. Upon renewal, the terms of the leases are negotiated.

The below shows the closing balances relating to the Right of Use Asset recognised within **Property, plant and equipment** and the Lease Receivable recognised within **Other Financial Assets** in the statement of financial position. Corresponding Lease Liability is recognised within Other Financial Liabilities in the statement of financial position.

	2021	2020
RIGHT OF USE ASSETS	\$000	\$000
Properties	35,919	36,342
Equipment	1,169	1,547
TOTAL RIGHT OF USE ASSETS	37,088	37,889
	2021	2020
LEASE RECEIVABLES	\$000	\$000
Current	618	596
Non-Current	2,389	2,586
TOTAL LEASE RECEIVABLE	3,007	3,182
	2021	2020
LEASE LIABILITIES	\$000	\$000
Current	7,043	6,900
Non-Current	34,538	35,291
TOTAL LEASE LIABILITIES	41,581	42,191

23. Contingent Liabilities

A liability is recognised when it becomes probable that TAB NZ will be required to make a payment under a guarantee. If it becomes probable, TAB NZ will recognise an expense and corresponding liability based on estimates of future cash flows under the contract. TAB NZ assesses at the end of each reporting period whether its recognised liability is adequate in comparison to the estimates of future cash flows under the contract. If that assessment shows that the carrying amount of the liability is inadequate, the entire deficiency shall be recognised in profit or loss.

Industry loan guarantee

On 5 February 2009, TAB NZ provided a guarantee to the BNZ in relation to Racing at Awapuni, Otaki and Trentham Combined Enterprises Incorporated (RACE Inc) to the value of \$4.6 million plus up to 2 years interest and the costs of collection (2020: \$4.6 million).

Other third party guarantees

On 1 April 2014, TAB NZ provided a guarantee to Windsor Park Leasing Limited over the payments of the NEP (ex NZ Live) leased premises, relating to TAB NZ broadcasting activities. As at 31 July 2021, the amount payable under this guarantee has reduced to \$1.2 million (2020: \$1.7 million).

In 2015, TAB NZ assigned a leased property to third party, whereby TAB NZ continues to be liable for any outstanding rent in the event of default. As at 31 July 2021, the total amount payable under these agreements was \$1.6 million (2020: \$2.2 million). In the event of default by the third party, the Landlord and TAB NZ must undertake their best endeavours to secure a new tenant to mitigate losses.

24. Subsequent events

Subsequent to 31 July 2021, TAB NZ’s new Board took their positions effective 1 August 2021. From 11:59pm on 17 August 2021, New Zealand entered a nationwide level 4 lockdown. From 11:59pm on 7 September 2021, all of New Zealand south of Auckland entered level 2. Furthermore, \$10 million loan repayment was made in September 2021. These do not indicate that the balances reported in these financial statements as at 31 July 2021 would require an adjustment.

Supplementary information

Comparison against Budget 2021

Statement of Financial Performance

	UNAUDITED		
	ACTUAL NZ \$M	BUDGET NZ \$M	VARIANCE NZ \$M
BETTING AND GAMING TURNOVER	3,076	2,765	311
REVENUE			
Net betting revenue	316	267	49
Net gaming revenue	29	30	(1)
Other revenue	27	21	6
TOTAL REVENUE AND OTHER INCOME	372	318	54
Turnover related expenses	74	66	8
Operating expenses	120	120	–
TOTAL EXPENSES	194	186	8
NET PROFIT BEFORE DISTRIBUTIONS	178	132	46
Made up of:			
BETTING REPORTED NET PROFIT	162	118	44
GAMING REPORTED NET PROFIT	24	21	3
RIU COSTS	(7)	(7)	–

Distributions

	UNAUDITED		
	ACTUAL NZ \$M	BUDGET NZ \$M	VARIANCE NZ \$M
DISTRIBUTIONS AND OTHER PAYMENTS FROM BETTING OPERATIONS			
Betting net profit	124	118	6
Betting duty relief	7	6	1
Offshore corporate bookmaker	19	9	10
TOTAL DISTRIBUTIONS AND OTHER PAYMENTS FROM BETTING OPERATIONS	150	133	17
DISTRIBUTIONS FROM GAMING OPERATIONS			
Distributions applied to the racing industry	15	17	(2)
Distributions to sporting external bodies	3	4	(1)
TOTAL DISTRIBUTIONS FROM GAMING OPERATIONS	18	21	(3)
Gaming distributions applied to RIU costs	(7)	(7)	–
TOTAL DISTRIBUTIONS AND OTHER PAYMENTS	161	147	14

Statement of Financial Position

	UNAUDITED		
	ACTUAL NZ \$M	BUDGET NZ \$M	VARIANCE NZ \$M
CURRENT ASSETS			
Cash and cash equivalents	63	47	16
Trade and other receivables	9	7	2
Other financial assets	46	27	19
Other assets	4	4	–
TOTAL CURRENT ASSETS	122	85	37
NON-CURRENT ASSETS			
Property, plant and equipment	62	67	(5)
Intangible assets	42	39	3
Other financial assets	2	3	(1)
Other assets	2	–	2
TOTAL NON-CURRENT ASSETS	108	109	(1)
TOTAL ASSETS	230	194	36
CURRENT LIABILITIES			
Trade and other payables	25	20	5
Customer betting account deposits and vouchers	24	22	2
Liabilities from contracts with customers	4	10	(6)
Provisions	10	6	4
Taxation payable	5	5	–
Lease liabilities	7	–	7
TOTAL CURRENT LIABILITIES	75	63	12
NON CURRENT LIABILITIES			
Borrowings	25	45	(20)
Lease liabilities	35	31	4
Other financial liabilities	2	–	2
Provisions	–	–	–
TOTAL NON-CURRENT LIABILITIES	62	76	(14)
TOTAL LIABILITIES	137	139	(2)
NET ASSETS / TOTAL EQUITY	93	55	38

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BOARD MEMBERS TO 31 JULY 2021

Liz Dawson
MNZM
Interim Chair (from 14 April 2021)

Dean McKenzie
Executive Chair (to 14 April 2021)

William (Bill) Birnie
CNZM

Kristy McDonald
ONZM QC

Anna Stove

Sir Peter Vela
KNZM

SOLICITORS

Minter Ellison Rudd Watts
Wellington

AUDITORS

PwC
Wellington

BANK

ANZ Limited
Wellington

BOARD MEMBERS FROM 1 AUGUST 2021

Mark Stewart
MNZM
Chair

Anna Stove
Deputy Chair

William (Bill) Birnie
CNZM

Paul Bittar

Jason Fleming

Wendie Harvey

Raewyn Lovett
ONZM

