

Cessation Pack

Cessation of Class 4 Operator's Licence

(This pack, when completed, will contain the minimum information required in terms of Section 111 (1) (b) of the Gambling Act 2003)

Licence number _____

Contact details of Principal Administrator of Society

Name _____

Address _____

Suburb

Town/City and Postcode

Phone DDI _____

Mobile _____

Email address _____

For office use only:

Date of Cessation: _____

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Guidance Notes

Introduction

Clubs and Societies that operate gaming machines whether - in the case of Clubs - they are situated within their own clubrooms or – in the case of Societies - they are operated at various venues, may reach a point where they no longer can or wish to operate those machines. This may be due to various factors including:

- The Department refuses to renew the Society's/Club's class 4 operator's licence; or
- The Department cancels the Society's/Club's class 4 operator's licence; or
- The class 4 operator's licence has expired; or
- The Society/Club no longer wishes to continue its involvement in operating gambling machines.

When such a point is reached and the society/club has taken formal steps to sever its involvement with class 4 gambling, it is required under Section 111 of the Gambling Act 2003 to ("the Act") -

"apply or distribute remaining net proceeds from its class 4 gambling within 20 working days of the cessation"
and
"report to the Secretary on the relevant standard form"

It is also required to advise the Department of those details set out in Section 83 of the Act as they relate to the disposal of gaming machines. This "Cessation Pack" seeks information in terms of the above sections, and must be filed on completion of the winding up of a Society or Club's involvement in class 4 gambling within 20 working days of the date of cessation. If further time is required to complete the pack, please advise the Secretary and indicate when the completed pack would be available.

It is recognised that there are several 'wind up' scenarios including:

- The complete wind up of a Society
- The wind up of a Society's gambling activities but its continuance in other functions.
- The complete wind up of a Club.
- The wind up of a Club's gambling activities but its continuance in other functions

This "pack" is intended for use in any of the above scenarios. However, in appropriate circumstances it may be adapted by you to better reflect the wind up realities of your Club/Society providing the Secretary can be clearly satisfied as to the proper receipt and disposal of net proceeds from class 4 gambling.

Cessation Review

The purpose of a cessation review is to ensure that upon wind up, all gaming machine income has been accounted for, assets funded from gambling proceeds realised, liabilities extinguished, expenses relating to gambling met and remaining funds applied appropriately for authorised purposes.

A cessation review is a review of the final financial statements detailing the winding up of the gaming machine operation and all financial transactions that have been entered into in bringing about an orderly wind up of an entity previously involved in class 4 gambling. It would involve a detailed check of transactions from the date of the previously filed audited financial statements to the date when the wind up affairs of the entity are completed.

In broad terms, this would involve verification, for that broken period, of -

Gaming Income

Asset Sales

Expenses Incurred, and

Authorised Payments Made.

The Department has a discretion as to whether or not a "cessation review" needs to be undertaken and in many instances, may not do so relying in those cases on the information provided by the Society/Club in this pack.

It is therefore incumbent upon Societies to maintain clear trails of their final receipts and payouts to ensure clarity in any cessation review that may be considered necessary.

Explanation

Our "Cessation Review" will focus, as a starting point, on the Audited Financial Statements for the full year immediately preceding the cessation date (see below) and will then consider the activities and affairs of the ceasing entity through two distinct time frames.

The first period relates to that period from the final full year's audited accounts through until the *cessation date*; being the date when all gambling machines in respect of all venues cease operating. In respect of this period the focus will be a determination that all gaming machine profits are reconciled to the Weekly EMS Venue Activity Level - Venue Report and banked, on time, into the dedicated bank account of the Society. We will also review any offsetting costs against those earnings paying particular attention to the reasonableness of those costs. The review of these two areas reflect in the Cessation Pack schedules 'A' and 'B'.

The second period commences immediately after the cessation date through until all obligations and wind up procedures of the Society have been completed. We refer to this date as the '*completion date*'. During this timeframe assets will be sold, liabilities extinguished and a final distribution made for authorised purposes. Pack schedules 'C', 'D', 'E' and 'F' relate to these wind up function.

Relevant legislation

It is important to be aware of the requirements of several sections of the Gambling Act 2003, and we would particularly draw your attention to the following

- | | |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Section 63 | of the Gambling Act (the Act) gives a Corporate Society the right to surrender its Class 4 Operator's licence to the Secretary at any time. |
| Section 83 | requires specific information from holders of Class 4 Operator's licence in respect of details about the disposal of gaming machines. |
| Section 111 | requires a Corporate Society that has ceased its class 4 gambling involvement to distribute net proceeds from gambling. "Net proceeds" simply put must include turnover from gambling and proceeds from gambling asset sales. |
| Section 112 | enables the Secretary to seek appropriate judicial orders where he/she is not satisfied that the net proceeds from gambling have been properly distributed or applied. |

Ongoing obligations

In terms of section 63 (2) of the Gambling Act 2003, the surrender of a licence does not affect:

- (a) The obligation of the Society to distribute net proceeds from gambling in accordance with the Act.
- (b) Any conditions relating to the retention of records.
- (c) Any conditions relating to reporting requirements.
- (d) The requirement to report, via this form, the wind up details relating to disposition of gambling assets and final distribution of all net proceeds from gambling.

Certification of Cessation

Name of Society

Address of Society

Suburb

Town/City and Postcode

We, the undersigned certify and declare that the above named Society:

- is aware of its ongoing obligations in terms of Sections 63, 83, and 111 of the Gambling Act, 2003, and
- declares the accuracy, truth, and veracity of the detail in Schedules "A", "B", "C", "D", "E" and "F" attached to this notification document.

(Duty authorised officer / trustees of the above named Society)

Date

Requirements as to Financial Statements

The most recent Financial Statements of your Society are already held by DIA.

However, in respect of the period from the end of the year covered by the most recent set of audited financial statements to the date of completion, you must complete the following schedules:

- Schedule of Turnover from Gambling (schedule 'A')
- Schedule of Expenses Set off against Turnover from Gambling (schedule 'B')
- Schedule of Gambling Assets Sold (schedule 'C')
- Schedule of Liabilities Extinguished (schedule 'D')
- Schedule of Calculation of Net Proceeds Available for Final Distribution (schedule 'E')
- Schedule of Final Application of Net Proceeds from Gambling (schedule 'F')

Schedule "A" - Schedule of Turnover from Gambling

- (A) In the case of Societies with multiple venues, this Schedule should be completed *By venue/by month basis* of all gaming machine profits remitted by the venues into the Society's dedicated bank account.

The total of these receipts to be carried into Schedule "E".

OR

- (B) In the case of Clubs and/or single venue Societies they will need to prepare a listing on a month-by-month basis, of deposits into their dedicated gaming account. They must ensure that these are reconciled to their weekly EMS Venue Activity Level Report - Venue Level.

The total of these receipts to be carried into Schedule "E".

Schedule "E" - Schedule of Calculation of Net Proceeds Available for Final Distribution

Proceeds from disposition of opening Current Assets	\$
Add Total turnover from gambling (Schedule "A")	\$
Add total value received in respect of sale of gambling assets (Schedule "C")	\$
SUB TOTAL	\$
Less payment of opening creditors and other Liabilities (Schedule "D")	\$
Less sum of expenses set off against turnover from gambling (Schedule "B")	\$
Sum available for final distribution (to agree to "Amount finally distributed"—Schedule "F")	\$

