

ASHBURTON LICENSING TRUST CONSOLIDATED GROUP

TRUST DIRECTORY

FOR THE YEAR ENDED 31 MARCH 2014

Members of the Trust

Mr A. S. Lilley
Mr A. D. Neumann
Mr R. J. Paterson
Mr S. R. Leadley
Mrs F. M. Watson
Mr G. Haskett
Mr J. F. Lischner
Mr C. J. Robertson

Member (Chairperson)
Member
Member
Member (Retired October 2013)
Member
Member (Retired October 2013)
Member (Appointed October 2013)
Member (Appointed October 2013)

AUDITORS

Audit New Zealand
On behalf of
The Auditor-General

BANKERS

ANZ Bank
CHRISTCHURCH

SOLICITORS

Wynn Williams & Co
CHRISTCHURCH

Argyle Welsh Finnigan
ASHBURTON

INSURANCE BROKERS

Crombie Lockwood Ltd
CHRISTCHURCH

Aon New Zealand
WELLINGTON

STATEMENT OF ACCOUNTING POLICIES

For the year ended 31 March 2014

The Ashburton Licensing Trust (the "Trust") is a licensing trust as defined in New Zealand by the Sale and Supply of Alcohol Act 2012. The Trust was formed and is domiciled in New Zealand. The Trust is involved in the hospitality industry and investing activities, its principal trading activities being the sale of liquor and other beverages and the provision of accommodation and restaurant services within its community.

The Owner/Officers of the Trust do not have the power to amend these Financial Statements after issue.

The Ashburton Licensing Trust Group consists of the ultimate parent, the "Trust" and the Braided Rivers Trust and group.

The Braided Rivers Trust and Subsidiaries are defined as a charitable trust by the Charities Commission and are exempt from Income Tax.

Statement of Compliance

These financial statements comply with New Zealand Equivalents to the International Financial Reporting Standards (NZ IFRS).

Basis of Preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). For the purpose of complying with NZ GAAP the entity is a for-profit entity.

The financial statements are presented in New Zealand currency, rounded to the nearest whole dollar.

The financial statements have been prepared on the historic cost basis, except for the revaluation of investment properties and certain financial instruments. Cost is based on the fair value of consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of NZ IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 19.

Basis of Consolidation

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intergroup balances, transactions, income and expenses are eliminated on consolidation.

Subsidiaries

The Trust consolidates in the group financial statements all entities where the Trust has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where the Trust controls the majority voting power on the governing body.

Adoption of New and Revised Standards

The Trust has adopted all the new and revised Standards and Interpretations approved by the External Reporting Board that are relevant to its operations and effective for annual reporting periods beginning on 1 April 2013.

At the date of authorisation of these financial statements the following standards, amendments and interpretations were on issue but were not yet effective:

Standard / Interpretation	Effective for Annual Reporting Periods Beginning on or after	Brief Outline
NZ IAS 32 - Offsetting Financial Assets and Financial Liabilities	1 January 2014	The key change from the amendment is the introduction of additional criterion that must be met to demonstrate that an entity "currently has a legally enforceable right to set off the recognised amounts" and that an entity "intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously". The Group is yet to assess NZ IAS 32's full impact and intends to adopt NZ IAS 32 no later than the accounting period beginning on or after 1 January 2014.
Annual improvements - 2010-2012 cycle	1 July 2014	This improvement clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. The Group is yet to assess NZ IFRS 2's full impact and intends to adopt NZ IFRS 2 no later than the accounting period beginning on or after 1 July 2014.
NZ IFRS 2 - Share-Based Payments		This improvement clarifies the classification requirements for contingent consideration in a business combination by removing all references to NZ IAS 37. The Group is yet to assess NZ IFRS 3's full impact and intends to adopt NZ IFRS 3 no later than the accounting period beginning on or after 1 July 2014.
NZ IFRS 3 - Business Combinations		These improvements are to clarify the measurement requirements for those short-term receivables and payables.
NZ IFRS 13 - Fair Value Measurement		The improvements relate to both NZ IAS 16 and NZ IAS 38. They are to clarify that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. The Group is yet to assess NZ IAS 16 and NZ IAS 38's full impact and intends to adopt NZ IAS 16 and NZ IAS 38 no later than the accounting period beginning on or after 1 July 2014.
NZ IAS 16 - Property Plant and Equipment		The improvements include a definition of a management entity providing Key Management Personnel services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of NZ IAS 24 for Key Management Personnel services provided by a management entity. Payment made to a management entity in respect of Key Management Personnel services should be separately disclosed. The Group is yet to assess NZ IAS 24's full impact and intends to adopt NZ IAS 24 no later than the accounting period beginning on or after 1 July 2014.
NZ IAS 38 - Intangible Assets		
NZ IAS 24 - Related Party Disclosures		

Annual improvements - 2011-2013 cycle		
NZ IFRS 13 - Fair Value Measurement		The improvements clarify that the portfolio exception in paragraph 52 of NZ IFRS 13 applies to all contracts within the scope of NZ IAS 39 or NZ IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in NZ IAS 32. The Group is yet to assess NZ IFRS 13's full impact and intends to adopt NZ IFRS 13 no later than the accounting period beginning on or after 1 July 2014.
NZ IAS 40 - Investment Property	1 July 2014	The improvements clarify that judgement is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of NZ IFRS 3 that includes an investment property. That judgement is based on guidance in NZ IFRS 3. The Group is yet to assess NZ IAS 40's full impact and intends to adopt NZ IAS 40 no later than the accounting period beginning on or after 1 July 2014.
NZ IFRS 9 - Financial Instruments	1 January 2017	NZ IFRS 9 addresses clarification, measurement and recognition of financial assets and financial liabilities. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus or deficit. ALT is yet to assess NZ IFRS 9's full impact and intends to adopt NZ IFRS 9 no later than the accounting period beginning on or after 1 January 2017.

The Members do not anticipate that the adoption of these standards, amendments and interpretations will have a material financial impact on the financial statements of the Trust and Group.

Changes to the for-profit accounting standards framework

The accounting standard setters have adopted a multi standard approach that also uses tiers to better balance the costs and benefits of financial reporting. The multi standards approach means that for-profit entities have a new accounting standards framework.

The new framework is required to be adopted for reporting periods beginning on or after 1 December 2012.

The Trust has elected to apply Tier 1 (full NZ IFRS).

The Trust has assessed that the adoption of the Tier 1 Accounting Standards has not had a material impact on the financial statements of the Trust or Group.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of these financial statements:

a) Property, plant and equipment

• Owned assets

Items of property, plant and equipment are stated at historic cost less accumulated depreciation (see below) and impairment losses (refer accounting policy (h)).

The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of overhead costs.

Where individual parts of an item of property plant and equipment have different useful lives, these are accounted for and depreciated as separate assets.

• Subsequent costs

The Trust recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Trust and the cost of the item can be measured reliably.

All other costs are recognised in the profit or loss as the expense is incurred.

• Depreciation

Prior to 1 April 2010 Depreciation was charged to the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. From 1 April 2010 the Members decided that Depreciation on all new assets excluding Building Structures will be charged using the Diminishing Value method and the tax rates issued by the Inland Revenue Department as it is believed this method more accurately reflects the consumption of the future economic benefits of these assets than the previous method used. Building Structures are depreciated at 2% on a straight line basis in accordance with NZ IAS 16, this reflects an estimated useful life of 50 years. Land is not depreciated.

For Assets purchased prior to 1 April 2010; the estimated useful lives determined by the Trust are as follows:

Building Structure	100 years	Floor Coverings	5 years
Building Fitout and Services - Hotel	10 years	Plant	15 years
Building Fitout and Services - Other	20 years	Beer Systems	5 years
Furnishings - Hotel	5 years	Motor Vehicles	6 years
Furnishings - Office	10 years	Linen, Crockery & Cutlery	2 years
Office Equipment - Heavy use	3 years	Computer Equipment	3 years
Office Equipment - General	5 years		
Electronic Equipment (Excl Computer Equip)	4 years		

For Assets purchased after 1 April 2010; the Diminishing Value rates used are:

Building Fitout and Services	10% - 25%	Floor Coverings	40%
Furnishings	13% - 20%	Plant	10% - 67%
Office Equipment	16% - 50%	Motor Vehicles	16% - 50%
Electronic Equipment (Excl Computer Equip)	50%	Linen, Crockery & Cutlery	67%
		Computer Equipment	50%

For Building Structures purchased after 1 April 2010; the estimated useful lives determined by the Trust are:

Building Structure	50 years
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b) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable the asset will result in the realisation of future economic benefits and the cost of the asset can be reliably measured. Other borrowing costs are expensed in the period in which they are incurred.

Qualifying assets are those assets whose cost of acquisition, construction or production, (excluding borrowing costs) when completed and ready for use, will individually equate to ten percent or greater of the carrying amount of Property, Plant and Equipment immediately prior to capitalisation, and which have taken 12 months or more to acquire, construct or produce.

To the extent the funds are borrowed funds specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs that are to be capitalised are the actual borrowing costs incurred on borrowings during the acquisition, construction or production period, less any investment income earned during this period if any or part of the borrowed funds have been invested.

Where funds are borrowed generally and are used to obtain a qualifying asset, the amount of borrowing costs that will be capitalised is determined by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to the borrowings that were outstanding during the acquisition period, excluding borrowings that were obtained specifically for the purpose of obtaining another qualifying asset.

c) Investments

• Investments in shares (equity investments)

The Trust has investments in shares which are classified as "available for sale", and are stated at fair value, with any resultant gain or loss being recognised directly in other comprehensive income and equity in the Fair Value Revaluation Reserve, except for impairment losses.

The fair value of financial instruments classified as available-for-sale is the quoted price in an active market at balance date. Because there is no active market, and the Trust is not an investor looking to manage the investment for profit, the investment has been valued at cost.

• Investment Property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields some of which is occupied by the Ashburton Licensing Trust or Group. To allow consistency of reporting across the Ashburton Licensing Trust Group investment property held by the ALT subsidiaries are revalued on an annual basis, this revaluation gain/(loss) is reported in the profit or loss in line with NZ IAS 40 Investment Property.

• Fair Value Measurement

Management have assessed that Cash and Cash Equivalents, Bank Overdrafts, Short-term deposits, Trade and Other payables, Trade and Other Receivables and other Current Liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Equity investments are being carried at cost unless market values are able to be reasonably determined and differ materially from the carrying amount.

The fair value of the financial assets and liabilities is included at 'Fair value' calculated by applying the weighted average loan interest rate of the Ashburton Licensing Trust(ultimate parent) to discount the value of the instrument over the balance of the term the instrument is expected to remain outstanding.

d) Intangibles

Naming Rights and Liquor Licenses are intangible assets. They are stated at cost less accumulated amortisation and impairment losses. Cost is the amount paid for the naming rights and liquor licenses. Amortisation is charged to the profit or loss on a straight line basis over the finite life of the intangible.

e) Receivables

Trade and other receivables are recorded at amounts due, less any allowance for doubtful debts (impairment losses). Initial recognition is at fair value and subsequently measured and amortised using the effective interest method. An estimate of doubtful debts is made when collection of the full amount due is no longer probable. Bad debts are written off against the allowance account when these are deemed no longer collectable. Changes in the carrying amount of the allowance account are recognised in the profit or loss.

f) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business.

Cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

g) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand in the Trust and group's establishments and current and short-term deposit accounts (with an original maturity of less than 3 months) maintained by the Trust and group with external banking institutions. Bank overdrafts that are repayable on demand and which form an integral part of the Trust and group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash on hand at balance date includes \$2,190 (2013 \$4,588) which is not available for general use due to it consisting of the donations reserve.

h) Impairment of assets

The carrying amounts of the Trust's or Group's assets, other than inventories (refer accounting policy f) and deferred tax assets (accounting policy i), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount is the higher of fair value less costs to sell, and value in use. When assessing value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate to reflect market assessments of the time-value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

If the recoverable amount of an asset, or cash generating unit, is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount, and an impairment loss is recognised immediately in the profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset previously. A reversal of impairment loss is recognised immediately in the profit or loss.

i) Income tax

Income tax on the profit or loss for the year comprises both current and deferred tax, and is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it too is recognised in equity.

• Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period, using tax rates and tax laws that have been enacted or substantively enacted by balance date.

Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

- **Deferred tax**

Deferred income tax is provided on all temporary differences at balance sheet date between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be used. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets or liabilities which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset or liability giving rise to them will be realised or settled. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Trust expects, at balance date, to recover or settle the carrying amount of its assets and liabilities.

j) Payables

Trade and other payables are recognised when the Trust and group becomes obliged to make future payments resulting from the purchase of goods and services. Initial recognition is at fair value and subsequently measured and amortised using the effective interest method.

k) Provisions

A provision is recognised on the face of the balance sheet when the Trust and group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method, except for borrowing costs capitalised as part of the cost of constructed assets.

m) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and the liability is capable of reliable measurement.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal rates using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash flows to be made by the Trust in respect of services provided by employees up to the current reporting date.

n) Revenue

- **Sale of goods and services**

Revenue from the sale of goods is recognised when the Trust and group has transferred to the buyer the significant risks and rewards of ownership of the goods. Risks and rewards are considered transferred to the buyer at the time of delivery of the goods to the customer. Sales of goods and services includes income from the rental of commercial property, income from this is recognised when it becomes due.

- **Other trading revenue**

Other trading revenue is revenue other than that derived from the sale of goods and services which arises in the normal course of the Trust and group's business activities, and includes:

- **Rental and gaming machine site revenue**

Rental income from site rental agreements with gaming machine operators and from other sources is recognised on a straight-line basis over the term of the contract.

- **TAB commission**

TAB commission is based on turnover at TAB agencies operating on the Trust and group's premises.

- **Operating Leases**

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset.

- **Finance income**

Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established. Interest revenue is recognised on a time proportionate basis taking into account the effective yield on the financial asset.

- **Rental Income**

Rental Income is income received from the renting of commercial space. Rental Income is recognised when it becomes due.

Lease incentives provided are recognised in the profit and loss as an integral part of the rental income over the minimum term of the lease.

o) Expenses

- **Operating lease payments**

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Payments made under operating leases are recognised in the profit and loss on a straight line basis over the term of the lease. Lease incentives received are recognised in the profit and loss as an integral part of the total lease expense.

p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST, except for receivables and payables, which are reported inclusive of GST.

The GST component of the cash flows arising from investing and financing activities which is recoverable from, or payable to, the Inland Revenue Department is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amounts of GST recoverable from or payable to the Inland Revenue Department.

q) Advances/Loans

Decisions regarding Term Advances are only made on a one off basis. Decisions are made by the Trust or boards at monthly or 'special' meetings and are only approved after taking into account all of the costs and benefits associated with each specific advance. The portion of term advances expected to be repaid within 12 months after balance date are reported as Current Liabilities with the balance expected to be repaid after 12 months reported as Non Current Liabilities.

r) Donations

Decisions regarding donations from the Trust are made at monthly meetings. The Trust only distributes funds that are already available, and these funds are generally only available to those organisations or individuals whose family home is in the Trust's district. All donations are recognised in the profit or loss in the year in which the board approves payment.

s) Changes in Accounting Policies

There have been no changes in Accounting Policies in comparison with the prior year except for those detailed in the Adoption of New and Revised Standards on page 3.



STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
Revenue	1	18,888,801	18,805,256	18,888,801	18,805,256
Cost of Sales		(8,911,383)	(8,791,223)	(8,911,383)	(8,791,223)
Gross Profit		9,977,418	10,014,033	9,977,418	10,014,033
Other Revenue	2	1,169,084	902,082	127,953	126,281
Staffing	6	(5,849,693)	(5,829,273)	(5,849,693)	(5,829,273)
Energy		(483,748)	(478,795)	(483,748)	(478,795)
Repairs and Maintenance		(275,689)	(265,816)	(262,630)	(240,888)
Replacements		(100,884)	(84,315)	(100,884)	(84,315)
Hospitality		(249,305)	(229,207)	(249,305)	(229,207)
Music and Entertainment		(177,712)	(134,317)	(177,712)	(134,317)
Cleaning		(226,171)	(236,518)	(226,171)	(236,518)
Advertising		(321,945)	(142,065)	(321,945)	(142,065)
Rent and Rates		(201,175)	(200,637)	(413,586)	(403,166)
Sundry Operating Expenses	3	(979,342)	(1,234,053)	(923,928)	(969,247)
Depreciation	14	(896,996)	(910,883)	(841,837)	(852,159)
Loss on Sale		(36,375)	(8,673)	(36,375)	(8,673)
Donations	7	(2,397)	(2,025)	(2,397)	(2,025)
Fair Value movement in Investment Properties	15(b)	23,316	620,495	-	-
Administration	4	(946,343)	(975,767)	(859,322)	(871,570)
Operating Profit/(Loss)		422,043	804,266	(644,162)	(341,904)
Finance Cost – Interest		(396,203)	(445,135)	(395,714)	(445,135)
Finance Revenue – Discount Unwinding		-	-	1,570,766	604,662
Building Impairment		(260,759)	-	-	-
Profit/(Loss) before Income Tax		(234,919)	359,131	530,890	(182,377)
Income Tax (Expense)/Credit	8	190,953	233,013	190,953	233,013
Net Surplus/(Deficit)		(43,966)	592,144	721,843	50,636
Total Comprehensive Income		(43,966)	592,144	721,843	50,636

Ashburton Licensing Trust is a Licensing Trust which 'controls' its subsidiaries which are consolidated within these financial statements. 100% of all earnings from the Trust's subsidiaries is available to be distributed for charitable purposes, this includes all earnings from both continuing and discontinued operations as well as operating and non operating profits. 100% of the parents earnings including all earnings from both continuing and discontinued operations as well as operating and non operating profits are available to be distributed to any of the purposes prescribed in the Sale and Supply of Alcohol Act 2012.

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements

STATEMENT OF MOVEMENTS IN EQUITY - PARENT

For the year ended 31 March 2014

	Retained Earnings \$	Donations Reserve \$	Total Equity \$
Balance at 1 April 2012	10,641,276	6,613	10,647,889
Total Comprehensive Income for the year	50,636	-	50,636
Inter-reserve transfers	2,025	-	2,025
Donations made this year	-	(2,025)	(2,025)
Balance at 31 March 2013	10,693,937	4,588	10,698,525
Balance at 1 April 2013	10,693,937	4,588	10,698,525
Total Comprehensive Income for the year	721,843	-	721,843
Inter-reserve transfers	2,397	-	2,397
Donations made this year	-	(2,397)	(2,397)
Balance at 31 March 2014	11,418,177	2,190	11,420,367

STATEMENT OF MOVEMENTS IN EQUITY - Group

For the year ended 31 March 2014

	Retained Earnings \$	Donations Reserve \$	Total Equity \$
Balance at 1 April 2012	13,798,197	6,613	13,804,809
Total Comprehensive Income for the year	592,144	-	592,144
Inter-reserve transfers	2,025	-	2,025
Donations made this year	-	(2,025)	(2,025)
Balance at 31 March 2013	14,392,366	4,588	14,396,954
Balance at 1 April 2013	14,392,366	4,588	14,396,954
Total Comprehensive Income for the year	(43,966)	-	(43,966)
Inter-reserve transfers	2,397	-	2,397
Donations made this year	-	(2,397)	(2,397)
Balance at 31 March 2014	14,350,797	2,190	14,352,987

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

As at 31 March 2014

	Notes	Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
Current Assets					
Cash and Cash Equivalents	9	131,861	177,276	112,661	154,697
Trade and Other Receivables	10	828,510	782,120	530,469	661,694
Prepayments	10	65,938	10,963	65,938	10,963
Current Portion Term Advance	16	25,169	25,501	495,757	652,306
Insurance Aggregate Fund		37,695	-	30,517	-
Tenant Incentives		69,056	96,074	-	-
Income Tax Receivable		-	29,018	-	29,018
Inventories	11	718,693	775,811	718,693	775,811
		<u>1,876,922</u>	<u>1,896,763</u>	<u>1,954,035</u>	<u>2,284,489</u>
Non Current Assets					
Term Advance	16	8,204	31,532	2,212,622	4,344,650
Investments	15(a)	924,316	921,777	924,316	921,777
Deferred Tax Asset	8	238,798	16,197	238,798	16,197
Intangible Assets	17	377,759	405,908	377,759	405,908
Property, Plant & Equipment	14	10,932,264	10,815,570	10,372,431	10,202,464
Tenant Incentives		193,342	230,861	-	-
Investment Properties	15(b)	7,508,241	7,735,000	-	-
		<u>20,182,924</u>	<u>20,156,845</u>	<u>14,125,926</u>	<u>15,890,996</u>
Total Assets		<u>22,059,846</u>	<u>22,053,608</u>	<u>16,079,961</u>	<u>18,175,485</u>
Current Liabilities					
Trade & Other Payables	12	1,224,220	1,605,793	1,176,955	1,426,099
Loans – Current Portion Supplier Finance		38,834	46,000	38,834	46,000
ANZ Flexible Facility	25	910,859	500,016	910,859	500,016
Mortgage ANZ Bank	25	3,241,873	3,000,000	241,873	3,000,000
Employee Entitlements	13	492,507	432,474	492,507	432,474
		<u>5,908,293</u>	<u>5,584,283</u>	<u>2,861,028</u>	<u>5,404,589</u>
Non Current Liabilities					
Provision for Employee Entitlements	13	40,439	33,538	40,439	33,538
Loans – Supplier Finance		-	38,833	-	38,833
Mortgage ANZ Bank	25	1,758,127	2,000,000	1,758,127	2,000,000
		<u>1,798,566</u>	<u>2,072,371</u>	<u>1,798,566</u>	<u>2,072,371</u>
Total Liabilities		<u>7,706,859</u>	<u>7,656,654</u>	<u>4,659,594</u>	<u>7,476,960</u>
Net Assets		<u>14,352,987</u>	<u>14,396,954</u>	<u>11,420,367</u>	<u>10,698,525</u>
Represented By					
Retained Earnings	18(a)	14,350,797	14,392,366	11,418,177	10,693,937
Donations Reserve	18(b)	2,190	4,588	2,190	4,588
Total Equity		<u>14,352,987</u>	<u>14,396,954</u>	<u>11,420,367</u>	<u>10,698,525</u>

G. Beal
Chief Executive Officer
Date:

19/6/14

A.S. Lilley
Chairperson
Date:

19/6/14

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements

STATEMENT OF CONSOLIDATED CASH FLOWS
For the year ended 31 March 2014

	Notes	Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
Cash Flow From Operating Activities:					
Cash was provided from:					
Income from Interest		15,225	12,654	6,834	4,690
Income from Dividends		86,429	84,414	86,429	84,414
Receipts from Customers		19,876,265	19,709,379	18,993,712	18,905,655
GST		(35,109)	32,023	(49,051)	7,946
		19,942,810	19,838,470	19,037,924	19,002,705
Cash was disbursed to:					
Payments to Suppliers and Employees		(18,862,055)	(18,568,667)	(18,809,221)	(18,495,535)
Income Tax (Paid)/Refunded		(2,630)	-	(2,630)	-
Donations Paid		(2,397)	(2,025)	(2,397)	(2,025)
Interest Paid		(395,714)	(445,135)	(395,714)	(445,135)
		(19,262,796)	(19,015,827)	(19,209,962)	(18,942,695)
Net Flow from Operating Activities	26	680,014	822,643	(172,038)	60,010
Cash Flow From Investing Activities:					
Cash was provided from:					
Proceeds from Sale of Fixed Assets		12,000	62,992	12,000	62,992
Repayment of Advance		23,660	-	3,859,343	653,402
		35,660	62,992	3,871,343	716,394
Cash was disbursed to:					
Purchase of Investments		(2,539)	(3,462)	(2,539)	(3,462)
Advances		-	(55,033)	-	(55,033)
Insurance Aggregate Fund		(37,695)	-	(30,517)	-
Purchase of Fixed Assets and Intangibles		(1,085,698)	(558,657)	(1,073,128)	(468,652)
		(1,125,932)	(617,152)	(1,106,184)	(527,147)
Net Flow from Investing Activities		(1,090,272)	(554,161)	2,765,159	189,247
Cash Flow From Financing Activities:					
Cash was provided from:					
Proceeds from borrowings		3,000,000	-	-	-
		3,000,000	-	-	-
Cash was disbursed to:					
Repayments of Mortgage		(2,635,157)	(391,199)	(2,635,157)	(391,199)
		(2,635,157)	(391,199)	(2,635,157)	(391,199)
Net Flow from Financing Activities		364,843	(391,199)	(2,635,157)	(391,199)
Net Increase / (Decrease) in Cash Held		(45,415)	(122,717)	(42,036)	(141,942)
Add Opening Cash Brought Forward		177,276	299,993	154,697	296,639
Ending Cash Carried Forward	9	131,861	177,276	112,661	154,697

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements

NOTES TO THE ACCOUNTS

	Notes	Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
1 Revenue					
Revenue comprises sales of products and services to external parties, categorised as follows:					
Liquor		11,143,192	11,415,807	11,143,192	11,415,807
Meals		5,513,116	5,161,579	5,513,116	5,161,579
Accommodation		1,687,575	1,640,307	1,687,575	1,640,307
Other		544,918	587,563	544,918	587,563
Total Revenue		18,888,801	18,805,256	18,888,801	18,805,256
2 Other Revenue					
Other Revenue represents revenue other than that arising from the sale of goods to external parties sourced as part of the trusts normal business activities.					
Dividends Received		86,429	84,414	86,429	84,414
Interest Income		15,225	12,654	6,834	4,690
		101,654	97,068	93,263	89,104
Management Services		-	-	10,334	9,942
Expired Voucher		12,349	15,476	12,349	15,476
Insurance Revenue		254,240	-	-	-
Rentals		800,841	789,538	12,007	11,759
Total Other Income		1,169,084	902,082	127,953	126,281
3 Sundry Operating Expenses					
Commissions & Bank Charges		111,194	96,812	110,921	96,432
Hire Charges		60,221	37,594	60,221	37,594
Printing & Stationery		78,365	85,606	78,365	85,606
Telephone & Tolls		81,575	68,084	81,575	68,084
Travel & Vehicle Expenses		99,127	92,220	99,127	92,220
Other		548,860	853,737	493,719	589,312
		979,342	1,234,053	923,928	969,247
Direct Operating Costs generating Rental Income		(210,109)	(236,363)	-	-
Direct Operating Costs that did not generate Rental Income		-	-	-	-
4 Administration Expenses					
Amortisation of Intangible Assets	17	29,529	29,069	29,529	29,069
Audit Fee	5	72,653	69,281	53,163	51,780
Bad Debts		183	2,013	183	2,013
Insurance		257,638	289,668	200,361	233,904
Members Expenses	23	32,389	16,340	32,389	16,340
Members Remuneration	23	37,360	34,280	37,360	34,280
Promotion and Public Relations		343,786	365,207	343,786	365,207
Other		172,805	169,909	162,551	138,977
		946,343	975,767	859,322	871,570

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements

5 Remuneration of Auditors

The Trust's auditor is Audit New Zealand on behalf of the office of the Auditor General

	Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
Audit Fees Comprise:				
Audit Fee – Attest Audit	72,653	69,281	53,163	51,780
	72,653	69,281	53,163	51,780

6 Staffing Costs

Wages and Salaries	5,916,627	5,846,203	5,916,627	5,846,203
Changes to Provisions	(66,934)	(16,930)	(66,934)	(16,930)
Total Staff Costs	5,849,693	5,829,273	5,849,693	5,829,273

Employees of the trust (section 207 (1) (c) (iii) Sale of Liquor Act 1989)

Numbers of employees and former employees of the trust who received in excess of \$100,000 by way of remuneration and other benefits during the financial year are as follows:

Remuneration band

\$110,000 - \$120,000	1	-	1	-
\$180,000 - \$190,000	1	1	1	1

7 Donations

Profits made by the Trust that are not required for the development of the Trust's facilities and continuing operations may be made available for donation to community groups domiciled within the Trust's geographic region.

Donations to such groups amounted to:	2,397	2,025	2,397	2,025
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The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements

8 Taxation – Parent

(a) Tax Expense/(Credit) comprises

	2014	2013
	\$	\$
Statement of Financial Performance		
Current Income Tax	-	-
Unused Tax Losses	(237,042)	(155,797)
Deferred Tax Expense – Temporary differences	14,441	(77,216)
Income tax reported in the Statement of	-	-
Adjustment to Current Tax Prior Years	31,648	-
Tax Expense/(Credit)	(190,953)	(233,013)
Statement of Changes in Equity		
Current Income Tax	-	-
Deferred Tax expense – Temporary differences	-	-
Income tax reported in equity	-	-

The 2013 Financial Statements indicated an Income Tax Receivable of \$29,018 relating to the 2009 year. A reconciliation of the Tax Ledger against the information held by Inland Revenue confirmed that Inland Revenue has no outstanding Tax payable to The Trust. The Income Tax Receivable Ledger plus use of money interest of \$2,630 from the 2009 year has now been expensed.

The estimated tax loss available for set off against future taxable income is \$4,120,294 (2013: \$3,271,212) based on the 2013 tax return filed), tax effect \$1,153,682 (2013: \$915,939 based on the tax return filed). This is the same for both the Parent and Group.

(b) Reconciliation of effective tax rate

	2014	2014	2013	2013
	%	\$	%	\$
Accounting profit before tax from continuing operations		530,890		(182,377)
Accounting profit before tax from discontinued operations		-		-
Net Profit/(Loss) before tax		530,890		(182,377)
Prima facie Tax at 28%	28.00%	148,649	28.00%	(51,066)
Unused imputation Credits converted to tax Losses	-4.56%	(24,200)	12.96%	(23,636)
Non-Assessable Revenue/Income	-65.37%	(347,050)	86.80%	(158,312)
Prior Years Adjustment	5.96%	31,648	0.00%	-
Effective tax rate	64.03%	(190,953)	127.76%	(233,013)
Income Tax expense/(credits) reported in Statement of Financial Performance		(190,953)		(233,013)

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements

(c) Deferred Income Tax

Recognised deferred tax assets and (liabilities) are attributable to the following:

<u>Deferred tax</u>	<u>Employee Benefits</u> \$	<u>Unused Tax Losses</u> \$	<u>Accelerated Depreciation for Tax Purposes</u> \$	<u>Total</u> \$
Deferred tax Asset/(liability) 1 April 2012	122,234	727,232	(1,066,281)	(216,816)
(Charged)/credited to Financial Performance	(3,567)	155,797	80,782	233,013
(Charged)/credited to Equity	-	-	-	-
Deferred tax as at 31 March 2013	118,667	883,029	(985,499)	16,197
(Charged)/credited to Financial Performance	17,009	237,042	(31,450)	222,601
(Charged)/credited to Equity	-	-	-	-
Deferred tax as at 31 March 2014	135,676	1,120,071	(1,016,949)	238,798

(d) Current Tax Assets and Liabilities

The current tax asset / (liability) represents the amount of income tax refundable or payable in respect of the current and prior periods.

8 Taxation – Group

(a) Tax Expense (Income) comprises

Statement of Financial Performance

Current Income Tax
Unused Tax Losses
Deferred Tax Expense – Temporary differences
Adjustment to Current Tax Prior Years
Financial Performance Tax Expense/(Credit)

Statement of Changes in Equity

Current Income Tax
Deferred Tax expense – Temporary differences
Income tax reported in equity

	2014 \$	2013 \$
Current Income Tax	-	-
Unused Tax Losses	(237,042)	(155,797)
Deferred Tax Expense – Temporary differences	14,441	(77,216)
Adjustment to Current Tax Prior Years	31,648	-
Financial Performance Tax Expense/(Credit)	(190,953)	(233,013)
Current Income Tax	-	-
Deferred Tax expense – Temporary differences	-	-
Income tax reported in equity	-	-

(b) Reconciliation of effective tax rate

	2014 %	2014 \$	2013 %	2013 \$
Net Profit/(Loss) before tax		(234,919)		359,131
Prima facie Tax at 28%	28.00%	(65,777)	28.00%	100,557
(Non taxable income)/non-deductable expenses	53.28%	(125,176)	-92.88%	(333,570)
Effective tax rate	81.28%	(190,953)	-64.88%	(233,013)
Income Tax credits reported in Statement of Financial Performance		(190,953)		(233,013)

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements

(c) Deferred tax Asset/(liability)

	Employee Benefits	Unused Tax Losses	Accelerated Depreciation for Tax Purposes	Total
	\$	\$	\$	\$
Deferred tax Asset/(liability) 1 April 2012	122,234	727,232	(1,066,281)	(216,816)
(Charged)/credited to Financial Performance	(3,567)	155,797	80,782	233,013
(Charged)/credited to Equity	-	-	-	-
Deferred tax Asset/(liability) 31 March 2013	118,667	883,029	(985,499)	16,197
(Charged)/credited to Financial Performance	17,009	237,042	(31,450)	222,601
(Charged)/credited to Equity	-	-	-	-
Deferred tax Asset/(liability) 31 March 2014	135,676	1,120,071	(1,016,949)	238,798

(d) Current Tax Assets and Liabilities

The current tax asset / (liability) represents the amount of income tax refundable or payable in respect of the current and prior periods.

9 Cash and Cash Equivalents

	Group 2014	Group 2013	Parent 2014	Parent 2013
	\$	\$	\$	\$
Funds in Bank	39,439	47,960	20,239	25,381
Imprest Advances	92,422	129,316	92,422	129,316
Total cash balance as reported in the Statement of Cash flows	131,861	177,276	112,661	154,697

Cash at Balance date includes \$2,190 (2013 \$4,588) which is not available for general use.

10 Trade and Other Receivables

Trade Receivables	431,729	554,476	391,118	437,340
Other	396,781	227,644	139,351	224,354
	828,510	782,120	530,469	661,694
Prepayments	65,938	10,963	65,938	10,963
Total Receivables and Prepayments	894,448	793,083	596,407	672,657
Analysis of past due receivables				
30 days overdue	95,991	83,042	95,991	80,151
More than 30 days overdue	24,955	97,906	24,955	18,299
	120,946	180,948	120,946	98,450

As of 31 March 2014, trade receivables of \$120,946 (2013 \$98,450) were past due but not impaired. These relate to a number of independent customers of whom there is no recent history of default.

As of 31 March 2014 trade receivables of \$Nil (2013 \$Nil) were due to the Parent from the Subsidiaries.

11 Inventories

The Trust's inventories comprise of the following:

Beverages, Cigarettes & Bar Sundries	605,409	647,333	605,409	647,333
Food	113,284	128,478	113,284	128,478
	718,693	775,811	718,693	775,811

Some inventories are subject to retention of title clauses until payment is received by the suppliers.

12 Trade and Other Payables

Trading Supplies	839,856	935,559	792,591	935,559
Capital Projects	20,749	34,053	20,749	34,053
Accruals	363,615	636,181	363,615	456,487
	<u>1,224,220</u>	<u>1,605,793</u>	<u>1,176,955</u>	<u>1,426,099</u>

As of 31 March 2014 trade payables of \$Nil (2013 \$Nil) were to due to Subsidiaries from the Parent.

As of 31 March 2014 trade payables of \$7,205 (2013 \$10,858) were to due the other Related Parties.

13 Provision for Employee Entitlements – Parent and Group

	Vested Leave \$	Unvested Leave \$	Total \$
Opening Balance 1 April 2012	436,551	46,391	482,942
Additional provision recognised	505,989	8,664	514,653
Reduction arising from payments	(357,624)	-	(357,624)
Reductions arising from staff terminations	(165,036)	(8,923)	(173,959)
Transfer to Vested Leave	3,930	(3,930)	-
Balance at 31 March 2013	423,810	42,202	466,012
Additional provision Recognised	496,918	7,949	504,867
Reduction arising from payments	(328,831)	-	(328,831)
Reductions arising from staff terminations	(108,086)	(1,016)	(109,102)
Transfer to Vested Leave	747	(747)	-
Balance at 31 March 2014	484,558	48,388	532,946
Disclosed as a Current Liability	423,810	8,664	432,474
Disclosed as a Non-Current Liability	-	33,538	33,538
Balance at 31 March 2013	423,810	42,202	466,012
Disclosed as a Current Liability	484,558	7,949	492,507
Disclosed as a Non-Current Liability	-	40,439	40,439
Balance at 31 March 2014	484,558	48,388	532,946

Vested leave represents both annual leave due to employees, and long service leave to which staff have become entitled, and which has vested.

Unvested long service leave represents the Trust's assessment of its exposure relating to staff for whom the entitlement is yet to vest.

14 Property, Plant and Equipment

a) Property Plant & Equipment – Routine Fixed Assets - Parent

Cost / Valuation	Land	Buildings	Equipment	Vehicles	Work in Progress	Total
Balance 1 April 2012	995,322	13,015,651	4,832,462	142,451	116,656	19,102,542
Acquisitions	-	170,151	264,934	-	30,873	465,958
Capitalise WIP	-	-	15,329	-	(15,329)	-
Disposals	-	-	(259,403)	-	(4,287)	(263,690)
Balance 31 March 2013	995,322	13,185,802	4,853,322	142,451	127,913	19,304,810
Acquisitions	2,400	105,762	200,828	-	751,188	1,060,178
Capitalise WIP	-	114,723	39,221	-	(153,944)	-
Disposals	(3,048)	(478,082)	(572,131)	(18,809)	-	(1,072,070)
Balance 31 March 2014	994,674	12,928,205	4,521,240	123,642	725,157	19,292,918
Accumulated Depreciation / Amortisation / Impairment	Land	Buildings	Equipment	Vehicles	Work in Progress	Total
Balance 1 April 2012	7,052	5,082,998	3,232,660	117,829	-	8,440,537
Disposals	-	-	(190,350)	-	-	(190,350)
Depreciation Expense	731	503,020	339,721	8,686	-	852,159
Balance 31 March 2013	7,783	5,586,018	3,382,031	126,515	-	9,102,347
Disposals	-	(467,069)	(537,818)	(18,809)	-	(1,023,696)
Depreciation Expense	731	503,754	329,653	7,699	-	841,837
Balance 31 March 2014	8,514	5,622,703	3,173,866	115,405	-	8,920,488
NBV 31 March 2013	987,540	7,599,784	1,471,291	15,936	127,913	10,202,464
NBV 31 March 2014	986,161	7,305,502	1,347,374	8,237	725,157	10,372,431

b) Property Plant & Equipment – Routine Fixed Assets - Group

Cost / Valuation	Land	Buildings	Equipment	Vehicles	Work in Progress	Total
Balance as at 1 April 2012	2,209,887	12,647,517	4,833,466	142,451	116,656	19,949,977
Acquisitions	-	183,651	264,934	-	30,873	479,458
Capitalise WIP	-	-	15,329	-	(15,329)	-
Disposals	-	-	(259,404)	-	(4,287)	(263,691)
Balance 31 March 2013	2,209,887	12,831,168	4,854,325	142,451	127,913	20,165,744
Acquisitions	2,400	95,078	213,398	-	751,189	1,062,065
Capitalise WIP	-	114,723	39,221	-	(153,944)	-
Disposals	(3,048)	(478,082)	(572,131)	(18,809)	-	(1,072,070)
Balance 31 March 2014	2,209,239	12,562,887	4,534,813	123,642	725,158	20,155,739
Accumulated Depreciation / Amortisation / Impairment	Land	Buildings	Equipment	Vehicles	Work in Progress	Total
Balance 1 April 2012	7,051	5,272,006	3,232,757	117,829	-	8,629,641
Disposals	-	-	(190,350)	-	-	(190,350)
Depreciation Expense	732	561,745	339,719	8,686	-	910,883
Balance 31 March 2013	7,783	5,833,751	3,382,126	126,515	-	9,350,173
Disposals	-	(467,069)	(537,818)	(18,809)	-	(1,023,695)
Depreciation Expense	732	557,343	331,223	7,699	-	896,996
Balance 31 March 2014	8,514	5,924,025	3,175,531	115,405	-	9,223,474
NBV 31 March 2013	2,202,105	6,997,418	1,472,200	15,935	127,913	10,815,570
NBV 31 March 2014	2,200,725	6,638,863	1,359,282	8,236	725,158	10,932,264

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements

15 Investments

(a) Investments in Equity Instruments – Assets available for sale

The Trust holds 357,658 (2013 357,658) ordinary shares issued by DB South Island Brewery Ltd. This holding represents 4.97% of the 7,200,000 (2013 7,200,000) shares issued by that company.

Fair valuing investments in shares on the transition to NZ IFRS required the establishment of a fair value reserve, to record changes in future financial periods in the fair value of the Trust's equity investments. As The Trust is not an investor looking to manage the investment for profit, the shares have been valued at historic cost and accordingly there is no change in fair value.

	Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
<u>DB South Island Brewery Ltd:</u>				
Balance at start of financial period	892,215	892,215	892,215	892,215
Revaluation to fair value	-	-	-	-
Closing Balance	892,215	892,215	892,215	892,215
<u>Other Investments:</u>				
Foodstuffs (SI) Ltd – share credits	17,100	14,561	17,100	14,561
Heartland New Zealand Limited – 22022 Ord	14,501	14,501	14,501	14,501
Super Liquor Holdings Ltd 1 share \$500	500	500	500	500
Total Investments closing balance	924,316	921,777	924,316	921,777

b) Investment Property – Group

	Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
Balance as at 1 April	7,735,000	7,038,000	-	-
Additions (Subsequent Expenditure)	10,685	76,505	-	-
Disposals	-	-	-	-
Building Impairment	(260,759)	-	-	-
Fair Value Gain/(Loss)	23,316	620,495	-	-
Total Investment Property closing balance	7,508,241	7,735,000	-	-

The carrying amount of Investment Property has been revalued to market value at 31 March 2014. The revalued amount was determined by an independent market valuation undertaken by Cunneen McLeod Valuation Ltd as at 31 March 2014. Cunneen McLeod Valuation Ltd are registered valuers with extensive experience valuing commercial properties in the Mid Canterbury area. The amount of this fair value gain/(loss) has been recognised as income in the operating profit for the year.

Rental Income from Investment Properties	1,005,730	1,027,084	-	-
Direct Operating Costs generating Rental Income	(210,109)	(236,363)	-	-
Direct Operating Costs that did not generate Rental Income	-	-	-	-

The Company has no restriction on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

16 Term Advances

The Trust has provided interest-free loan funding to:

Somerset Ashburton Ltd
Receivable within one year
Provision for impairment

Receivable greater than one year
Provision for impairment

Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
-	-	500,000	674,168
-	-	470,588	626,805
-	-	(29,412)	(47,363)
-	-	2,817,286	6,479,380
-	-	(613,247)	(2,166,262)
-	-	2,204,039	4,313,118

The Trust has provided interest bearing loan funding to:

Ashburton Trust Events Centre
Receivable within one year

31,373	55,033	31,373	55,033
25,169	25,501	25,169	25,501

Reconciliation of Term Advances

Somerset Ashburton Ltd total
Ashburton Trust Events Centre
Super Liquor

-	-	2,675,006	4,939,923
31,373	55,033	31,373	55,033
2,000	2,000	2,000	2,000
33,373	57,033	2,708,379	4,996,956

Analysis between current and non-current assets:

Current Assets
Non-current Assets

25,169	25,501	495,757	652,306
8,204	31,532	2,212,622	4,344,650
33,373	57,033	2,708,379	4,996,956

Somerset Ashburton Limited entered into a funding agreement from Ashburton Licensing Trust, this is an interest only facility unless the lender demands payment of interest by 31st March immediately prior to the anniversary of the loan agreement. As this has not been demanded this advance has been impaired to represent the present value of the interest free advance. The advance is expected to be repaid over approximately 7 years and these future repayments have been discounted at the current ANZ loan rate charged to the Trust.

17 Amortisation of Intangibles – Parent and Group

	DB Network Agreement \$	Liquor Licenses \$	Ashburton Performing Arts Theatre Trust \$	Total \$
Cost	10,000	19,917	500,000	529,917
Accumulated amortisation and Impairment	(6,000)	(19,917)	(75,000)	(100,917)
Net book amount 1 April 2012	4,000	-	425,000	429,000
Additions	-	5,978	-	5,978
Amortisation charge	(2,000)	(2,070)	(25,000)	(29,069)
Net book amount 31 March 2013	2,000	3,908	400,000	405,908
Additions	-	1,380	-	1,380
Amortisation charge	(2,000)	(2,529)	(25,000)	(29,529)
Net book amount 31 March 2014	-	2,759	375,000	377,759

Liquor licenses are amortised over a three year period.

DB Network agreement was amortised over a 5 year period.

Ashburton Performing Arts Theatre Trust naming rights are being amortised over a 20 year period with 15 years remaining.

18 Retained Earnings and Reserves

		Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
Retained Earnings	18(a)	14,350,797	14,392,366	11,418,177	10,693,937
Donations Reserve	18(b)	2,190	4,588	2,190	4,588
		14,352,987	14,396,954	11,420,367	10,698,525
(a) Retained Earnings					
Opening Balance		14,392,366	13,798,197	10,693,937	10,641,276
Total Comprehensive Income		(43,966)	592,144	721,843	50,636
Transfer from donation reserve	18(b)	2,397	2,025	2,397	2,025
		14,350,797	14,392,366	11,418,177	10,693,937
Transfer to donations reserve	18(b)	-	-	-	-
Closing Balance 31 March		14,350,797	14,392,366	11,418,177	10,693,937

(b) Donations Reserve

The Trust's objective when managing capital is to safeguard the Trust's ability to continue as a going concern in order to provide returns for the community and to maintain an optimal capital structure to enhance the profitability of the Trust. The Trust's policy is to transfer 10% of after tax profit, once prior year losses have been offset to the donations reserve and retain the remaining in retained earnings.

Opening Balance as at 1 April		4,588	6,613	4,588	6,613
Appropriation this year	18(a)	-	-	-	-
		4,588	6,613	4,588	6,613
Donations made this year	18(a)	(2,398)	(2,025)	(2,398)	(2,025)
Closing Balance 31 March		2,190	4,588	2,190	4,588

19 Exercise of Judgement and Estimation

Estimates and judgements 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.

The Trustees have made the following decisions which have materially impacted upon these financial statements:

(a) Intangible Assets – Naming Rights

The Trust has purchased naming rights. Members believe the amounts paid comprise fully of purchased naming rights. If a portion of these payments were assessed as comprising a grant, the grant would have been expensed in the first year.

(b) Term Advances

The fair value of the financial assets and liabilities is included at 'Fair value' calculated by applying the weighted average loan interest rate of the Ashburton Licensing Trust (ultimate parent) to discount the value of the instrument over the balance of the term the instrument is expected to remain outstanding.

(c) Property Plant & Equipment

Depreciation on all new assets excluding Building Structures will be charged using the Diminishing Value method and the tax rates issued by the Inland Revenue Department as it is believed this method more accurately reflects the consumption of the future economic benefits of these assets than the previous method used. Building Structures are depreciated at 2% on a straight line basis in accordance with NZ IAS 16, this reflects an estimated useful life of 50 years. Land is not depreciated.

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements

20 Commitments for Expenditure

Capital Commitments

The Ashburton Licensing Trust has \$148,680 of Capital Commitments at Balance date. These commitments relate to the Hotel Ashburton and the Speights Alehouse. (2013 \$Nil)

Lease Commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in note 22.

21 Contingent Liabilities and Assets

NZ Racing Board

The ANZ Bank has given a Guarantee of \$25,000 in favour of the NZ Racing Board on behalf of the Ashburton Licensing Trust. This guarantee relates to the operation of the TAB agencies at the Devon Tavern, Hotel Ashburton and Tinwald Tavern. The liability under this guarantee would only become payable if the Ashburton Licensing Trust were unable to pay any money relating to the operation of the TAB agencies to the NZ Racing Board.

There are no other contingent assets or contingent liabilities at balance date (2013 \$Nil).

22 Leases

Finance Lease Liabilities

The Trust has no obligations outstanding in relation to finance leases, hire purchase transactions or any other form of borrowing or financing arrangements.

Operating Lease Commitments

The Group has entered into commercial leases on certain motor vehicles and items of equipment. These leases have an average life of between two and five years, with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 March are, as follows:

	Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
Within 12 months	190,509	215,705	326,319	412,273
Between 1 and 5 years	539,787	530,691	803,387	827,590
Greater than 5 years	115,000	230,000	175,408	338,765
	845,296	976,396	1,305,114	1,578,628

Operating Leases as a Lessor

Somerset Ashburton Ltd, a subsidiary of the Trust has entered into commercial property leases on its investment property portfolio consisting of the Company's 2 commercial buildings which include Somerset House and another building next to it in Somerset Lane operated by the Ashburton Licensing Trust. These non-cancellable leases have remaining terms of up to 86 months. All leases enable upward revision of the rental charge on a regular basis according to the specific terms of the lease.

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
No later than 1 Year	704,358	858,832	-	-
Later than 1 and not later than 2 years	406,396	608,287	-	-
Later than 2 and not later than 5 years	892,454	540,684	-	-
Later than 5 years	288,921	120,120	-	-
	2,292,129	2,127,923	-	-

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements

Braided Rivers Trust

The Licensing Trust formed the Braided Rivers Trust, a charitable trust, and two charitable companies, Braided Rivers Limited and Somerset Ashburton Limited. Braided Rivers Trust is the sole shareholder of the two companies.

During the period the Licensing Trust provided to Braided Rivers Trust group of companies:

- Administration and accounting services to Somerset Ashburton Ltd for \$10,334 (2013 \$9,942)
- Administration and accounting services to Braided Rivers Ltd for \$0 (2013 \$0)
- Interest free loan funding of \$3,317,286 to Somerset Ashburton Ltd (2013 \$7,153,549)
- Paid rental expense for The Shed nightclub of \$77,725 (2013 \$69,254) There was nothing outstanding at balance date. (2013 \$Nil)
- Paid rental expense for Head Office of \$63,213 (2013 \$57,718) plus a share of operating expenses \$24,649 (2013 \$24,649). There was nothing outstanding at balance date. (2013 \$Nil)
- Paid rental expense for Somerset Grocer, annual rental of \$66,900 (2013 \$50,700) plus a share of operating expenses \$18,907 (2013 \$30,032). There was nothing outstanding at balance date. (2013 \$Nil)
- Somerset Ashburton Limited provided Somerset Grocer with Tenant incentives in the form of a rent free period. The value at balance date was \$10,608 (2013 \$11,893)
- Somerset Ashburton Limited provided the Licensing Trust with Tenant incentives in the form of a rent free period. The value at balance date was \$1,528 (2013 \$5,058)

Members

Mr A.J. Neumann has declared a financial interest in Neumanns Tyre Services Ltd and Ashburton U-Hire; and Mr R. Paterson has declared a financial interest in Ashburton Engravers and P.F.S Marketing Ltd; Mr A. Lilley has declared a financial interest in Smith & Church Retravisio, Electraserve Ltd and ID Creative. Mr J Lischner has declared an interest in Delta Swing & Zee Bee Dee. Transactions with the Trust and the Group are conducted in accordance with normal commercial practice.

	Transactions during the Year		Owed At Balance Date	
	2014	2013	2014	2013
	\$	\$	\$	\$
Mr A. D. Neumann	4,092	5,390	175	567
Mr R. J. Paterson	347	245	-	-
Mr A. S Lilley	85,134	49,907	7,030	10,291
Mr J Lischner	1,243	-	-	-
	<u>90,816</u>	<u>55,542</u>	<u>7,205</u>	<u>10,858</u>

These transactions are regularly monitored to assess compliance with the Local Authorities (Members Interests') Act 1968.

**Remuneration of Trust members (section 207 (1) (c) (i) and (ii)
Sale of Liquor Act 1989)**

Members of the Trust are remunerated based on attendance at meetings and on their positions within the Trust and Group.

	Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
Remuneration and expenses paid during the year amounted to:				
President	20,000	20,000	20,000	20,000
Other Members Fees	18,035	14,280	17,360	14,280
Total Remuneration paid	38,035	34,280	37,360	34,280
Expenses reimbursed to the President and members Relating to meeting attendance and other activities	31,714	16,340	32,389	16,340
Total Cost	69,749	50,620	69,749	50,620

Key Management Personnel

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Trust and Group, whether directly or indirectly. The Trust and Group has determined that in addition to the position of the Chief Executive Officer, board members and directors meet this definition.

For the purposes of this disclosure also, short-term employment benefits include wages, salaries, paid annual and sick leave, bonuses, contributions to superannuation schemes and non-monetary benefits, such as the use of motor vehicles and the payment of health insurance costs.

Remuneration of Key Management Personnel

Short-term employment benefits	220,383	218,088	220,383	218,088
Other long-term benefits	-	-	-	-
	220,383	218,088	220,383	218,088

24 Events Subsequent to Balance Date

Somerset Ashburton Limited has received an offer from its insurers to settle repair work on Somerset House for \$260,759 (less 2.5% excess). This offer will be assessed by the Directors and either accepted or rejected once the assessment process is complete.

25 Financial Instruments

The main risks arising from the Trust's and Group's financial Instruments are interest rate risk, liquidity risk and credit risk. The board reviews and agrees policies for each of these risks and these are summarised below.

Market Risk – Interest Rate Risk

The Trust and Group is exposed to interest rate risk related to funds deposited with and borrowings from external parties. This risk is managed by the Trust and Group maintaining an appropriate mix between fixed short-term and floating on call interest rate deposits.

There is an overdraft facility available of \$200,000 with a (\$8,196) balance at balance date (2013 \$24,851).

There is a Flexible Facility available of \$1,000,000 with a balance of (\$910,859) at balance date. (2013 (\$500,016))

Equity investments are being carried at cost unless market values are able to be reasonably determined and differ materially from the carrying amount.

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements

Interest Rate Sensitivity

This analysis has been determined based on the exposure to interest rates for bank loans or term deposits at the balance sheet date with the changes stipulated taking place at the beginning of the financial year and being held constant throughout the period for loans or deposits with changing rates. Had interest rates been either 0.5% higher or lower, and all other variables been held constant, the Trust's profit would have increased (or decreased) by approximately \$9,803 (2013 \$22,754).

Credit Risk

Financial Instruments which potentially subject the Ashburton Licensing Trust and Group to credit risk principally consist of cash and cash equivalents, trade and other receivables and term advances. Credit risk is the risk that a counter party will default on its contractual obligations resulting in a financial loss for the Trust.

Credit Risk Exposure

Maximum exposures to credit risk at Balance date are:

Cash and Cash Equivalents

Trade and other Receivables

Investments

Term Advance (face value)

15(a)

16

Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
131,861	177,276	112,661	154,697
894,448	793,083	596,407	672,657
924,316	921,777	924,316	921,777
33,373	57,033	3,317,286	7,153,548
1,983,998	1,949,169	4,950,670	8,902,679

Trade Receivables are made up primarily of transactions with the Trust's hospitality operations. All new customers are subject to the trust's standard terms and conditions, some historical customers are subject to alternative arrangements. Outstanding receivables are regularly monitored and guidelines for recovering and managing overdue accounts are in place. The group had 1 customer who owed the group more than \$25,000 at balance date (2013: 1), these account for 14% of the total Trade and Other Receivables (2013: 10%) At each balance date an analysis of outstanding accounts is performed, the group has had very few events of default in recent years. In the event that collection is unlikely the carrying amount of the outstanding balance will be revised.

Funds on short term deposit are held with reputable banks or building societies.

The concentration of credit risk relates to the funds deposited with ANZ Bank \$20,239 (2013 ANZ \$25,381) and the Loan to Somerset Ashburton Limited \$3,317,286 (2013 \$7,153,549) There are no concentrations of credit risk in trade and other receivables with the largest debtor owing at 31 March 2014 \$89,175 (2013 \$77,905). No collateral or other credit enhancements are held.

Liquidity Risk

The Trust's and Group's objective is always to maintain a balance between continuity and flexibility of funding through maintaining an appropriate mix between fixed short-term and floating "on call" interest rate deposits.

The Trust and Group manages its liquidity to ensure it is able to meet its obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the members, who have provided management with a framework for the Trust's and Group's medium and long term financial management.

Security for the Bank Borrowings consists of: Registered first ranking mortgages over the Devon Tavern, Tinwald Tavern, Hotel Ashburton, Speights Ale House, 258 Wills Street and a registered first ranking General Security Agreement over all the present and after acquired property of Ashburton Licensing Trust.

During the year the Trust breached the interest cover covenant. We advised our lender of the breach. Our lender advised no further action will be taken.

The following tables detail the Trust's and Group's borrowing maturities, including both interest and principal cash flows.

Parent

	Less than 1 year	Between 1 and 2 years	Between 2 to 5 years	Over 5 years
At 31 March 2014				
Bank Borrowings	241,873	-	1,758,127	-
ANZ Flexible Facility	910,859	-	-	-
Trade and other payables	1,176,955	-	-	-
	2,329,687	-	1,758,127	-

At 31 March 2013

Bank Borrowings	3,000,000	-	2,000,000	-
ANZ Flexible Facility	500,016	-	-	-
Trade and other payables	1,426,099	-	-	-
	4,926,115	-	2,000,000	-

Group

At 31 March 2014

Bank Borrowings	3,241,873	-	1,758,127	-
ANZ Flexible Facility	910,859	-	-	-
Trade and other payables	1,224,220	-	-	-
	5,376,952	-	1,758,127	-

At 31 March 2013

Bank Borrowings	3,000,000	-	2,000,000	-
ANZ Flexible Facility	500,016	-	-	-
Trade and other payables	1,605,793	-	-	-
	5,105,809	-	2,000,000	-

Fair Values

The fair value of all financial instruments does not differ materially from the carrying amount.

Management have assessed that Cash and Cash Equivalents, Bank Overdrafts, Short-term deposits, Trade and Other payables, Trade and Other Receivables and other Current Liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Equity investments are being carried at cost unless market values are able to be reasonably determined and differ materially from the carrying amount.

The fair value of the financial assets and liabilities is included at 'Fair value' calculated by applying the weighted average loan interest rate of the Ashburton Licensing Trust(ultimate parent) to discount the value of the instrument over the balance of the term the instrument is expected to remain outstanding.

26 Reconciliation from the net profit after tax to the net cash flows from operations

	Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
Net (profit)/loss for the period	43,966	(592,144)	(721,843)	(50,636)
<i>Adjust for non-cash items</i>				
Depreciation and Amortisation	(926,525)	(940,411)	(871,366)	(881,687)
Deferred tax expense – continuing operations	222,601	233,013	222,601	233,013
Fair value movement in Investment Property	23,316	620,495	-	-
Discount unwinding on Advances	-	-	1,570,766	604,663
Building Impairment	(260,759)	-	-	-
Changes in net assets and liabilities				
<i>(Increase)/decrease in Assets</i>				
Trade and other Debtors	78,462	8,630	(99,239)	(61,158)
Sale of Shares	-	-	-	-
Inventory	(57,118)	119,490	(57,118)	119,490
Gain(Loss) on Sale included in Investing Activities	(36,375)	(9,673)	(36,375)	(9,673)
<i>Increase/(decrease) in liabilities</i>				
Creditors and other Payables	233,038	(146,340)	122,462	(8,050)
Employee Entitlements	(6,901)	1,974	(6,901)	1,974
Deferred Rental Income	-	(8,842)	-	-
Inducements	(42,770)	(100,889)	-	-
Net GST	49,051	(7,946)	49,051	(7,946)
Net cash (inflow)/outflow from operating activities	(680,014)	(822,643)	172,038	(60,010)

27 Capital Management

The Trust's capital is its equity, which comprises retained profits and donations reserve. Equity is represented by net assets. The Trust's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings. The objective of managing the Trust's equity is to ensure the Trust effectively achieves its objectives and purpose, whilst remaining a going concern.

28 Composition of the Group

The Ashburton licensing Trust is the Ultimate parent of the Ashburton Licensing Trust group. The Ashburton Licensing Trust has 'control' over the Braided Rivers Trust, The Braided Rivers Trust is the sole shareholder of 2 charitable Companies, Somerset Ashburton Ltd and Braided Rivers Ltd.