

ASHBURTON LICENSING TRUST CONSOLIDATED GROUP

TRUST DIRECTORY

FOR THE YEAR ENDED 31 MARCH 2016

Members of the Trust

<i>Mr A. S. Lilley</i>	<i>Member (Chairperson)</i>
<i>Mr A. D. Neumann</i>	<i>Member</i>
<i>Mr R. J. Paterson</i>	<i>Member</i>
<i>Mrs F. M. Watson</i>	<i>Member</i>
<i>Mr J. F. Lischner</i>	<i>Member</i>
<i>Mr C. J. Robertson</i>	<i>Member</i>

AUDITORS

*Audit New Zealand
On behalf of
The Auditor-General*

BANKERS

*ANZ Bank
CHRISTCHURCH*

SOLICITORS

*Wynn Williams & Co
CHRISTCHURCH*

*Argyle Welsh Finnigan
ASHBURTON*

*Lane Neave Lawyers
CHRISTCHURCH*

INSURANCE BROKERS

*Aon New Zealand
WELLINGTON*

STATEMENT OF ACCOUNTING POLICIES

For the year ended 31 March 2016

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 Group is a Tier 2 for-profit entity and has elected to report in accordance with Tier 2 For-profit accounting standards. The group is eligible to report in accordance with Tier 2 For-profit accounting standards on the basis that it does not have public accountability and is not a large for-profit public sector 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 2015.

A number of new standards and interpretations are not yet effective as at 31 March 2016, and have not been applied in preparing these consolidated financial statements. These standards are not expected to have a material impact on the groups financial statements.

The group has not assessed the impact of these standards on future financial statements.

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.

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.

No depreciation is charged on assets available for sale from the date at which they become classified as 'Available for Sale'

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.

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 expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current income year, and any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

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) Assets Available for Sale

Assets Available for Sale' are those assets held where a commitment has been made to dispose of them and it is probable that the disposal will take place within 12 months. Assets held for sale are held at the lower of their carrying amount or their fair value less costs to sell which is referred to in note 30. The carrying value of assets held for sale has not been written down in the financial statements as the assets available for sale are not expected to sell at a value materially different from the carrying amount.

In January 2016 the board made the decision to market 4 businesses with a view to sale, these are the Hotel Ashburton, Tinwald complex, Speights Alehouse and the Somerset Grocer(see note 24). Marketing for these businesses commenced in early 2016 with sales of the Somerset Grocer and Speights Alehouse completed in April and May 2016. It is anticipated that the sale process for both the Hotel Ashburton and Tinwald Complex will be completed prior to the end of the 2016/17 financial year.

t) Discontinued Operations

Discontinued Operations are those components of the business that have either been disposed of or are classified as 'available for sale. A 'component' of the business is where the operations and cash flows can be clearly distinguished operationally and for financial reporting purposes. In addition to the 'Assets available for sale' described above the Trust sold Braided Rivers Restaurant and Bar and The Shed nightclub, the gain or loss on disposal of these assets is disclosed in note 29.

u) 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 2016

	Notes	Group 2016 \$	Group 2015 \$	Parent 2016 \$	Parent 2015 \$
Revenue	1	1,112,996	1,235,304	1,112,996	1,235,304
Less Cost of Sales		(432,582)	(415,426)	(432,582)	(415,426)
Gross Profit		680,414	819,878	680,414	819,878
Other Revenue	2	937,620	1,013,722	248,942	228,788
Payroll Expenses	6	(957,775)	(1,104,744)	(957,775)	(1,104,744)
Other Expenses	3	(984,599)	(995,745)	(806,090)	(819,553)
Property Expenses	4	(267,285)	(249,093)	(143,535)	(145,272)
Depreciation		(95,009)	(118,660)	(60,283)	(67,220)
Gain/(Loss) on Disposal		(9,052)	(63,869)	22	(63,869)
Amortisation		(350,533)	(25,460)	(350,533)	(25,460)
Fair Value movement in Investment Properties		(378,817)	322,948	-	-
Operating Profit/(Loss)		(1,425,036)	(401,023)	(1,388,838)	(1,177,452)
Finance Cost – Interest		(300,397)	(367,630)	(105,856)	(171,016)
Finance Revenue – Discount Unwinding		-	-	-	642,859
Building Impairment Reversed		87,695	74,283	-	-
Profit/(Loss) Before Income Tax		(1,637,738)	(694,370)	(1,494,694)	(705,609)
Income Tax (Expense)/Credit	8	-	(238,798)	-	(238,798)
Net Profit/(Loss) from continuing operations		(1,637,738)	(933,168)	(1,494,694)	(944,407)
Profit/(loss) after tax from discontinued operations	29	341,210	632,421	213,561	466,042
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income		(1,296,528)	(300,747)	(1,281,133)	(478,365)

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 2016

	Retained Earnings \$	Donations Reserve \$	Total Equity \$
Balance at 1 April 2014	11,418,177	2,190	11,420,367
Total Comprehensive Income for the year	(478,365)	-	(478,365)
Inter-reserve transfers	2,190	-	2,190
Donations made this year	-	(2,190)	(2,190)
Balance at 31 March 2015	10,942,002	-	10,942,002
Balance at 1 April 2015	10,942,002	-	10,942,002
Total Comprehensive Income for the year	(1,281,133)	-	(1,281,133)
Inter-reserve transfers	-	-	-
Donations made this year	-	-	-
Balance at 31 March 2016	9,660,869	-	9,660,869

STATEMENT OF MOVEMENTS IN EQUITY - Group

For the year ended 31 March 2016

	Retained Earnings \$	Donations Reserve \$	Total Equity \$
Balance at 1 April 2014	14,350,797	2,190	14,352,987
Total Comprehensive Income for the year	(300,747)	-	(300,747)
Inter-reserve transfers	2,190	-	2,190
Donations made this year	-	(2,190)	(2,190)
Permanent Differences	(750)	-	(750)
Balance at 31 March 2015	14,051,490	-	14,051,490
Balance at 1 April 2015	14,051,490	-	14,051,490
Total Comprehensive Income for the year	(1,296,528)	-	(1,296,528)
Inter-reserve transfers	-	-	-
Donations made this year	-	-	-
Permanent Differences	-	-	-
Balance at 31 March 2016	12,754,962	-	12,754,962

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 2016

	Notes	Group 2016 \$	Group 2015 \$	Parent 2016 \$	Parent 2015 \$
Current Assets					
Cash and Cash Equivalents	9	116,031	35,363	92,907	3,328
Trade and Other Receivables	10	655,694	671,265	612,863	645,080
Prepayments	10	50,434	70,313	50,434	70,313
Current Portion Term Advance	16	-	-	244,180	321,259
Insurance Aggregate Fund		30,155	37,695	24,417	30,517
Tenant Incentives		46,224	44,388	-	-
Assets Available for Sale	30	2,699,203	-	2,699,203	-
Inventories	11	25,034	718,948	25,034	718,948
		<u>3,622,775</u>	<u>1,577,972</u>	<u>3,749,038</u>	<u>1,789,445</u>
Non Current Assets					
Term Advance	16	3,500	3,500	655,591	2,182,062
Investments	15(a)	906,686	912,701	906,686	912,701
Intangible Assets	17	4,330	350,459	4,330	350,459
Property, Plant & Equipment	14	6,489,878	10,484,850	6,594,593	9,975,698
Tenant Incentives		102,730	148,952	-	-
Investment Properties	15(b)	7,916,719	7,909,775	-	-
		<u>15,423,843</u>	<u>19,810,237</u>	<u>8,161,200</u>	<u>13,420,920</u>
Total Assets		<u>19,046,618</u>	<u>21,388,209</u>	<u>11,910,238</u>	<u>15,210,365</u>
Current Liabilities					
Trade & Other Payables	12	1,392,773	1,262,946	1,326,203	1,194,589
Restructuring Provision	31	48,750	-	48,750	-
Finance Lease	22	15,665	-	15,665	-
ANZ Flexible Facility	25	300,825	732,627	300,825	732,627
Mortgage ANZ Bank	25	155,820	3,250,736	-	250,736
Employee Entitlements	13	510,250	493,271	510,250	493,271
		<u>2,424,083</u>	<u>5,739,580</u>	<u>2,201,693</u>	<u>2,671,223</u>
Non Current Liabilities					
Provision for Employee Entitlements	13	30,617	38,424	30,617	38,424
Finance Lease	22	17,059	45,344	17,059	45,344
Mortgage ANZ Bank	25	3,819,897	1,513,372	-	1,513,372
		<u>3,867,573</u>	<u>1,597,140</u>	<u>47,676</u>	<u>1,597,140</u>
Total Liabilities		<u>6,291,656</u>	<u>7,336,720</u>	<u>2,249,369</u>	<u>4,268,363</u>
Net Assets		<u>12,754,962</u>	<u>14,051,489</u>	<u>9,660,869</u>	<u>10,942,002</u>
Represented By					
Retained Earnings	18(a)	12,754,962	14,051,489	9,660,869	10,942,002
Total Equity		<u>12,754,962</u>	<u>14,051,489</u>	<u>9,660,869</u>	<u>10,942,002</u>

R. Reid
General Manager
Date:

29/9/16

A.S. Lilley
Chairperson
Date:

29/9/16

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 2016

	Notes	Group 2016 \$	Group 2015 \$	Parent 2016 \$	Parent 2015 \$
Cash Flow From Operating Activities:					
Cash was provided from:					
Income from Interest		3,488	11,862	117,183	50,369
Income from Dividends		77,002	112,462	77,002	112,462
Receipts from Customers		18,869,304	19,434,454	17,914,697	18,567,913
Insurance Proceeds		-	254,240	-	-
GST		13,239	48,712	9,480	4,545
		18,963,033	19,861,730	18,118,362	18,735,289
Cash was disbursed to:					
Payments to Suppliers and Employees		(17,592,620)	(18,635,721)	(17,287,972)	(18,541,836)
Income Tax (Paid)/Refunded		-	-	-	-
Donations Paid		(10,313)	(10,244)	(10,313)	(10,244)
Interest Paid		(300,397)	(367,630)	(105,856)	(171,016)
		(17,903,330)	(19,013,595)	(17,404,141)	(18,723,096)
Net Flow from Operating Activities	26	1,059,703	848,135	714,221	12,193
Cash Flow From Investing Activities:					
Cash was provided from:					
Proceeds from Sale of Fixed Assets		752,925	10,795	480,925	10,795
Proceeds from Sale of Shares		-	15,223	-	15,223
Repayment of Advance		1,603,549	29,873	1,603,549	847,918
		2,356,474	55,891	2,084,474	873,936
Cash was disbursed to:					
Purchase of Investments		6,015	(3,608)	6,015	(3,608)
Advances		-	-	-	-
Insurance Aggregate Fund		7,540	-	6,100	-
Purchase of Fixed Assets and Intangibles		(558,045)	(543,958)	(558,045)	(538,896)
		(544,490)	(547,566)	(545,930)	(542,504)
Net Flow from Investing Activities		1,811,984	(491,675)	1,538,544	331,432
Cash Flow From Financing Activities:					
Cash was provided from:					
Proceeds from borrowings		975,717	-	-	-
		975,717	-	-	-
Cash was disbursed to:					
Repayments of Mortgage		(3,766,736)	(452,958)	(2,163,186)	(452,958)
		(3,766,736)	(452,958)	(2,163,186)	(452,958)
Net Flow from Financing Activities		(2,791,019)	(452,958)	(2,163,186)	(452,958)
Net Increase / (Decrease) in Cash Held		80,668	(96,498)	89,579	(109,333)
Add Opening Cash Brought Forward		35,363	131,861	3,328	112,661
Ending Cash Carried Forward	9	116,031	35,363	92,907	3,328

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 2016 \$	Group 2015 \$	Parent 2016 \$	Parent 2015 \$
1 Revenue					
Revenue comprises sales of products and services to external parties, categorised as follows:					
Liquor		951,295	1,049,260	951,295	1,049,260
Meals		40,181	44,385	40,181	44,385
Accommodation		-	-	-	-
Other		148,740	153,082	148,740	153,082
Promotional Activity		(27,220)	(11,423)	(27,220)	(11,423)
Total Revenue		1,112,996	1,235,304	1,112,996	1,235,304
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		77,002	112,462	77,002	112,462
Interest Income		3,489	11,863	117,183	50,369
Management Services		2,132	-	18,216	15,334
Expired Vouchers		15,741	19,660	15,741	19,660
Insurance Revenue		-	-	-	-
Capital Gains on Sale of Shares		-	10,163	-	10,163
Rentals		839,256	859,574	20,800	20,800
Total Other Income		937,620	1,013,722	248,942	228,788
3 Other Expenses					
Audit Fee	5	75,817	79,475	55,116	60,353
Bad Debts		812	(757)	812	(757)
Members Expenses	23	27,104	45,324	27,104	45,324
Members Remuneration	23	35,960	34,840	35,960	34,840
Other		844,906	836,863	687,098	679,793
		984,599	995,745	806,090	819,553
Direct Operating Costs generating Rental Income		(293,679)	(292,705)	-	-
Direct Operating Costs that did not generate Rental Income		-	-	-	-
4 Property Expenses					
Insurance		71,404	83,309	30,374	35,494
Rent and Rates		61,127	40,110	97,103	88,853
Repairs and Maintenance		123,197	107,811	12,236	12,932
Replacements		3,822	7,993	3,822	7,993
Other		7,735	9,870	-	-
		267,285	249,093	143,535	145,272

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 2016	Group 2015	Parent 2016	Parent 2015
	\$	\$	\$	\$
Audit Fees Comprise:				
Audit Fee – Attest Audit	75,817	73,175	55,116	54,053
Audit Fee – Relating to prior year	-	6,300	-	6,300
	<u>75,817</u>	<u>79,475</u>	<u>55,116</u>	<u>60,353</u>

6 Staffing Costs

Wages and Salaries	948,603	1,105,995	948,603	1,105,995
Changes to Provisions	9,172	(1,251)	9,172	(1,251)
Total Staff Costs	<u>957,775</u>	<u>1,104,744</u>	<u>957,775</u>	<u>1,104,744</u>

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	1	1
\$130,000 - \$140,000	1		1	
\$180,000 - \$190,000		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:	10,313	10,234	10,313	10,234
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8 Taxation – Parent & Group

(a) Tax Expense/(Credit) comprises

	2016	2015
	\$	\$
Statement of Financial Performance		
Current Income Tax	-	-
Unused Tax Losses	-	325,164
Deferred Tax Expense – Temporary differences	-	(86,366)
Income tax reported in the Statement of	-	-
Adjustment to Current Tax Prior Years	-	-
Tax Expense/(Credit)	<u>-</u>	<u>238,798</u>
Statement of Changes in Equity		
Current Income Tax	-	-
Deferred Tax expense – Temporary differences	-	-
Income tax reported in equity	-	-

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

	Group	Group	Parent	Parent
	2016	2015	2016	2015
	%	\$	\$	\$
(b) <u>Reconciliation of effective tax rate</u>				
Accounting profit before tax from continuing operations	(1,637,738)	(694,370)	(1,494,694)	(705,609)
Accounting profit before tax from discontinued operations	341,210	632,421	213,561	466,042
Net Profit/(Loss) before tax	(1,296,528)	(61,949)	(1,281,133)	(239,567)
Prima facie Tax at 28%	(363,028)	(17,346)	(358,717)	(67,079)
Unused imputation Credits converted to tax Losses			(21,561)	(31,489)
Non-Assessable Revenue/Income	363,028	256,144	380,277	(253,038)
Deferred tax adjustment in relation to tax losses				590,404
Effective tax rate	0	238,798	(0)	238,798
Income Tax expense/(credits) reported in Statement of Financial Performance		238,798		238,798

(c) Deferred Income Tax

<u>Deferred tax</u>	Employee Entitlements	Unused Tax Losses	Property, Plant and Equipment	Total
	\$	\$	\$	\$
Deferred tax Asset/(liability) 1 April 2014	135,676	1,120,071	(1,016,949)	238,798
(Charged)/credited to Financial Performance	818	(325,164)	85,548	(238,798)
(Charged)/credited to Equity	-	-	-	-
Deferred tax as at 31 March 2015	136,494	794,907	(931,401)	-
(Charged)/credited to Financial Performance	(12,027)	(31,171)	43,198	-
(Charged)/credited to Equity	-	-	-	-
Deferred tax as at 31 March 2016	124,467	763,736	(888,203)	-

A deferred tax asset has not been recognised for tax losses of \$3,647,868 (2015: \$2,263,555).

(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	Group	Parent	Parent
	2016	2015	2016	2015
	\$	\$	\$	\$
Funds in Bank	43,687	(37,938)	20,563	(69,973)
Imprest Advances	72,344	73,301	72,344	73,301
Total cash balance as reported in the Statement of Cash flows	116,031	35,363	92,907	3,328

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

10 Trade and Other Receivables

Trade Receivables	406,455	413,909	367,957	390,162
Other	249,239	257,356	244,906	254,918
	655,694	671,265	612,863	645,080
Prepayments	50,434	70,312	50,434	70,312
Total Receivables and Prepayments	706,128	741,577	663,297	715,392
Analysis of past due receivables				
30 days overdue	56,801	63,333	56,801	63,333
More than 30 days overdue	32,728	19,400	32,728	19,400
	89,529	82,733	89,529	82,733

As of 31 March 2016, trade receivables of \$89,529 (2015 \$82,733) 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 2016 trade receivables of \$Nil (2015 \$Nil) were due to the Parent from the Subsidiaries.

11 Inventories

	Group 2016 \$	Group 2015 \$	Parent 2016 \$	Parent 2015 \$
The Trust's inventories comprise of the following:				
Beverages, Cigarettes & Bar Sundries	24,083	612,694	24,083	612,694
Food	951	106,255	951	106,255
	25,034	718,949	25,034	718,949

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

12 Trade and Other Payables

Trading Supplies	887,993	842,588	887,993	840,766
Capital Projects	9,705	6,460	9,705	6,460
Accruals	495,075	413,898	428,505	347,363
	1,392,773	1,262,946	1,326,203	1,194,589

As of 31 March 2016 trade payables of \$Nil (2015 \$Nil) were due to Subsidiaries from the Parent.

As of 31 March 2016 trade payables of \$1,017 (2015 \$1,008) were due to the other Related Parties.

13 Provision for Employee Entitlements – Parent and Group

	Vested Leave \$	Unvested Leave \$	Total \$
Opening Balance 1 April 2014	484,558	48,388	532,946
Additional provision recognised	500,750	5,791	506,541
Reduction arising from payments	(306,566)	-	(306,566)
Reductions arising from staff terminations	(194,446)	(6,780)	(201,226)
Transfer to Vested Leave	3,184	(3,184)	-
Balance at 31 March 2015	487,480	44,215	531,695
Additional provision Recognised	474,945	11,078	486,023
Reduction arising from payments	(304,532)	-	(304,532)
Reductions arising from staff terminations	(165,993)	(6,326)	(172,319)
Transfer to Vested Leave	7,272	(7,272)	-
Balance at 31 March 2016	499,172	41,695	540,867
Disclosed as a Current Liability	487,480	5,791	493,271
Disclosed as a Non-Current Liability	-	38,424	38,424
Balance at 31 March 2015	487,480	44,215	531,695
Disclosed as a Current Liability	499,172	11,078	510,250
Disclosed as a Non-Current Liability	-	30,617	30,617
Balance at 31 March 2016	499,172	41,695	540,867

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.

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

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 2014	994,674	12,928,205	4,521,239	123,642	725,158	19,292,918
Acquisitions	-	34,249	259,031	48,575	184,065	525,920
Capitalise WIP	-	710,102	58,200	-	(768,302)	-
Disposals	-	(156,342)	(146,802)	(6,394)	(117,575)	(427,113)
Balance 31 March 2015	994,674	13,516,214	4,691,668	165,823	23,346	19,391,725
Acquisitions	7,390	48,955	209,105	-	43,732	309,182
Capitalise WIP	-	-	-	-	-	-
Disposals	-	(1,576,516)	(700,773)	-	(18,781)	(2,296,070)
Assets Available for sale	-	(3,506,613)	(3,813,755)	(117,247)	-	(7,437,615)
Balance 31 March 2016	1,002,064	8,482,040	386,245	48,576	48,297	9,967,222
Accumulated Depreciation / Amortisation / Impairment	Land	Buildings	Equipment	Vehicles	Work in Progress	Total
Balance 1 April 2014	8,515	5,622,703	3,173,864	115,405	-	8,920,487
Disposals	-	(142,299)	(145,716)	(6,153)	-	(294,168)
Depreciation Expense	731	472,520	301,315	15,142	-	789,708
Balance 31 March 2015	9,246	5,952,924	3,329,463	124,394	-	9,416,027
Disposals	-	(651,669)	(490,866)	-	-	(1,142,535)
Depreciation Expense	1,164	322,316	211,660	11,765	-	546,905
Assets Available for sale	-	(2,433,220)	(2,901,461)	(113,087)	-	(5,447,768)
Balance 31 March 2016	10,410	3,190,351	148,796	23,072	-	3,372,629
NBV 31 March 2015	985,428	7,563,290	1,362,205	41,429	23,346	9,975,698
NBV 31 March 2016	991,654	5,291,689	237,449	25,504	48,297	6,594,593

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

Cost / Valuation	Land	Buildings	Equipment	Vehicles	Work in Progress	Total
Balance as at 1 April 2014	2,209,239	12,562,887	4,534,813	123,642	725,158	20,155,739
Acquisitions	-	29,947	264,092	48,575	184,065	526,679
Capitalise WIP	-	710,102	58,200	-	(768,302)	-
Disposals	-	(156,342)	(146,802)	(6,394)	(117,575)	(427,113)
Balance 31 March 2015	2,209,239	13,146,594	4,710,303	165,823	23,346	20,255,305
Acquisitions	7,390	60,655	209,105	-	43,732	320,882
Capitalise WIP	-	-	-	-	-	-
Disposals	(325,000)	(1,976,582)	(702,475)	-	(18,781)	(3,022,838)
Assets Available for sale	-	(3,506,613)	(3,813,755)	(117,247)	-	(7,437,615)
Balance 31 March 2016	1,891,629	7,724,054	403,178	48,576	48,297	10,115,734
Accumulated Depreciation / Amortisation / Impairment	Land	Buildings	Equipment	Vehicles	Work in Progress	Total
Balance 1 April 2014	8,514	5,924,024	3,175,531	115,405	-	9,223,474
Disposals	-	(142,299)	(145,716)	(6,153)	-	(294,168)
Depreciation Expense	731	522,328	302,947	15,142	-	841,148
Balance 31 March 2015	9,245	6,304,053	3,332,762	124,394	-	9,770,454
Disposals	-	(786,725)	(491,737)	-	-	(1,278,462)
Depreciation Expense	1,164	355,812	212,890	11,765	-	581,631
Assets Available for sale	-	(2,433,220)	(2,901,461)	(113,087)	-	(5,447,768)
Balance 31 March 2016	10,409	3,439,920	152,454	23,072	-	3,625,855
NBV 31 March 2015	2,199,994	6,842,541	1,377,541	41,428	23,346	10,484,850
NBV 31 March 2016	1,881,220	4,284,134	250,724	25,503	48,297	6,489,878

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 (2015 357,658) ordinary shares issued by DB South Island Brewery Ltd. This holding represents 4.97% of the 7,200,000 (2015 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 2016 \$	Group 2015 \$	Parent 2016 \$	Parent 2015 \$
<u>DB South Island Brewery Ltd:</u>				
Balance at start of financial period	892,214	892,214	892,214	892,214
Revaluation to fair value	-	-	-	-
Closing Balance	892,214	892,214	892,214	892,214
<u>Other Investments:</u>				
Foodstuffs (SI) Ltd – share credits	13,972	19,987	13,972	19,987
Super Liquor Holdings Ltd 1 share \$500	500	500	500	500
Total Investments closing balance	906,686	912,701	906,686	912,701

b) Investment Property – Group

	Group 2016 \$	Group 2015 \$	Parent 2016 \$	Parent 2015 \$
Balance as at 1 April	7,909,774	7,508,241	-	-
Additions (Subsequent Expenditure)	66,300	4,302	-	-
Disposals	-	-	-	-
Building Impairment	87,695	74,283	-	-
Fair Value Gain/(Loss)	(147,050)	322,948	-	-
Total Investment Property closing balance	7,916,719	7,909,774	-	-

The carrying amount of Investment Property has been revalued to market value at 31 March 2016. The revalued amount was determined by an independent market valuation undertaken by Cunneen McLeod Valuation Ltd as at 31 March 2016. 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	1,012,856	1,084,319	-	-
Direct Operating Costs generating Rental Income	(293,679)	(292,705)	-	-
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.

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

16 Term Advances

	Group 2016 \$	Group 2015 \$	Parent 2016 \$	Parent 2015 \$
The Trust has provided interest free loan funding to: Community Project	1,500	1,500	1,500	1,500
The Trust has provided interest bearing funding to:				
Receivable within one year	-	-	244,180	321,259
Provision for impairment	-	-	-	-
Somerset Ashburton Ltd	-	-	244,180	321,259
Receivable greater than one year	-	-	652,091	2,178,561
Provision for impairment	-	-	-	-
Ashburton Trust Events Centre Receivable within one year	-	-	-	-
<u>Reconciliation of Term Advances</u>				
Somerset Ashburton Ltd total	-	-	896,271	2,499,820
Ashburton Trust Events Centre	-	-	-	-
Super Liquor	2,000	2,000	2,000	2,000
Community Project	1,500	1,500	1,500	1,500
	<u>3,500</u>	<u>3,500</u>	<u>899,771</u>	<u>2,503,320</u>
<u>Analysis between current and non-current assets:</u>				
Current Assets	-	-	244,180	321,259
Non-current Assets	<u>3,500</u>	<u>3,500</u>	<u>655,591</u>	<u>2,182,062</u>
	<u>3,500</u>	<u>3,500</u>	<u>899,771</u>	<u>2,503,321</u>

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. This was demanded by 31 March 2014 and interest has been charged at the ANZ Loan rate from December 2014. As this advance is no longer interest free it is no longer impaired to represent the present value of an interest free advance. The impairment relating to prior years has been cleared in the 2015 Financial Statements. The advance is expected to be repaid over approximately 4 years.

17 Amortisation of Intangibles – Parent and Group

	Liquor Licenses \$	Ashburton Performing Arts Theatre Trust \$	Total \$
Cost	8,278	500,000	508,278
Accumulated amortisation and Impairment	(5,518)	(125,000)	(130,518)
Net book amount 1 April 2014	2,760	375,000	377,760
Additions	-	-	-
Amortisation charge	(2,300)	(25,000)	(27,300)
Net book amount 31 March 2015	460	350,000	350,460
Additions	6,050	-	6,050
Amortisation charge	(2,180)	(350,000)	(352,180)
Net book amount 31 March 2016	4,330	-	4,330

Liquor licenses are amortised over a three year period.

The Ashburton Performing Arts Theatre Trust naming rights agreement has ended and the balance of this intangible asset has been expensed in this financial year.

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

18 Retained Earnings and Reserves

		Group 2016 \$	Group 2015 \$	Parent 2016 \$	Parent 2015 \$
Retained Earnings	18(a)	12,754,962	14,051,489	9,660,869	10,942,002
Donations Reserve	18(b)	-	-	-	-
		<u>12,754,962</u>	<u>14,051,489</u>	<u>9,660,869</u>	<u>10,942,002</u>
(a) Retained Earnings					
Opening Balance		14,051,489	14,350,796	10,942,002	11,418,177
Total Comprehensive Income		(1,296,528)	(300,747)	(1,281,133)	(478,365)
Transfer from donation reserve	18(b)	-	2,190	-	2,190
Permanent Differences		-	(750)	-	-
		<u>12,754,961</u>	<u>14,051,489</u>	<u>9,660,869</u>	<u>10,942,002</u>
Transfer to donations reserve	18(b)	-	-	-	-
Closing Balance 31 March		<u>12,754,961</u>	<u>14,051,489</u>	<u>9,660,869</u>	<u>10,942,002</u>

(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 was 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. This policy has since been ceased.

Opening Balance as at 1 April		-	2,190	-	2,190
Appropriation this year	18(a)	-	-	-	-
		-	2,190	-	2,190
Donations made this year	18(a)	-	(2,190)	-	(2,190)
Closing Balance 31 March		-	-	-	-

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.

20 Commitments for Expenditure

Capital Commitments

The Ashburton Licensing Trust has no Capital Commitments at Balance date (2015 \$Nil).

Lease Commitments

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

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

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.

During the year the business known as Braided Rivers Restaurant and bar was sold, the trust has a contractual obligation to ensure rent is paid on this site until October 2016.

There are no other contingent assets or contingent liabilities at balance date (2015 \$Nil).

22 Leases

Finance Lease Liabilities

The Trust has a finance lease for a vehicle. The Trust's obligations under the finance lease are secured by the lessor's title to the leased asset. Future minimum lease payments under the finance lease with the present value of the net minimum lease payments are as follows:

	Group 2016 \$	Group 2015 \$	Parent 2016 \$	Parent 2015 \$
Finance Lease Liability	32,724	45,344	32,724	45,344
Repayable as follows:				
No later than 1 Year	15,665	15,665	15,665	15,665
Later than 1 and not later than 2 years	20,610	15,665	20,610	15,665
Later than 2 and not later than 5 years	-	20,610	-	20,610
Later than 5 years	-	-	-	-
	36,275	51,940	36,275	51,940
Less future interest expense	(3,551)	(6,596)	(3,551)	(6,596)
Present value of future payments	32,724	45,344	32,724	45,344

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 2016 \$	Group 2015 \$	Parent 2016 \$	Parent 2015 \$
Within 12 months	41,546	175,152	139,053	304,265
Between 1 and 5 years	39,332	155,067	231,540	444,782
Greater than 5 years	-	-	-	-
	80,878	330,219	370,593	749,047

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 which was operated by the Ashburton Licensing Trust and was sold during the year. These non-cancellable leases have remaining terms of up to 62 months. All leases enable upward revision of the rental charge on a regular basis according to the specific terms of the lease.

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

	Group 2016	Group 2015	Parent 2016	Parent 2015
	\$	\$	\$	\$
No later than 1 Year	703,496	775,457	-	-
Later than 1 and not later than 2 years	544,372	681,080	-	-
Later than 2 and not later than 5 years	760,018	1,045,774	-	-
Later than 5 years	14,541	173,675	-	-
	<u>2,022,427</u>	<u>2,675,986</u>	-	-

23 Related Parties

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 (2015 \$10,334)
- Administration and accounting services to Braided Rivers Ltd for \$0 (2015 \$0)
- Administration and accounting services to Braided Rivers Trust for \$5,750 (2015 \$5,750)
- Loan funding of \$896,271 to Somerset Ashburton Ltd (2015 \$2,178,562)
- Paid rental expense for The Shed nightclub of \$39,645 (2015 \$79,289). There was nothing outstanding at balance date. (2015 \$Nil)
- Paid rental expense for Head Office of \$68,934 (2015 \$63,213) plus a share of operating expenses \$19,910 (2015 \$18,784). There was nothing outstanding at balance date. (2015 \$Nil)
- Paid rental expense for Somerset Grocer, annual rental of \$65,900 (2015 \$65,900) plus a share of operating expenses \$22,104 (2015 \$21,190). There was nothing outstanding at balance date. (2015 \$Nil)
- Somerset Ashburton Limited provided Somerset Grocer with Tenant incentives in the form of a rent free period. The value at balance date was \$8,035 (2015 \$9,324)
- Somerset Ashburton Limited no longer provides the Licensing Trust with Tenant incentives in the form of a rent free period.

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 Retravisson, 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	
	2016	2015	2016	2015
	\$	\$	\$	\$
Mr A. D. Neumann	5,415	5,643	452	191
Mr R. J. Paterson	111	-	96	-
Mr A. S Lilley	43,510	74,123	469	817
Mr J Lischner	-	800	-	-
	<u>49,036</u>	<u>80,566</u>	<u>1,017</u>	<u>1,008</u>

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

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**Remuneration of Trust members (section 207 (1) (c) (i) and (ii)
Sale and Supply of Alcohol Act 2012)**

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

	Group 2016 \$	Group 2015 \$	Parent 2016 \$	Parent 2015 \$
Remuneration and expenses paid during the year amounted to:				
President	20,000	20,000	20,000	20,000
Other Members Fees	15,960	14,840	15,960	14,840
Total Remuneration paid	35,960	34,840	35,960	34,840
Expenses reimbursed to the President and members Relating to meeting attendance and other activities	27,104	45,324	27,104	45,324
Total Cost	63,064	80,164	63,064	80,164

3

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/General Manager, 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				
Total Compensation paid to key management personnel	316,104	220,796	316,104	220,796

24 Events Subsequent to Balance Date

Subsequent to balance date the businesses of the Somerset Grocer and the Ashburton Speights Alehouse have been sold. Marketing has continued on the Hotel Ashburton and Tinwald Tavern complex with a view to sale of these business units, it is anticipated that a sale will be achieved in the 2016/17 financial year. (2015: Subsequent to balance date the resignation of the CEO has been received by the Trust Board.)

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 \$33,506 balance at balance date (2015 (\$17,472)).

There is a Flexible Facility available of \$1,000,000 with a balance of (\$300,825) at balance date. (2015 (\$732,627))

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

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 \$7,975 (2015 \$4,596).

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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.

		Group 2016 \$	Group 2015 \$	Parent 2016 \$	Parent 2015 \$
Credit Risk Exposure					
Maximum exposures to credit risk at Balance date are:					
Cash and Cash Equivalents		116,031	35,363	92,907	3,328
Trade and other Receivables		706,128	741,578	663,297	715,393
Investments	15(a)	906,686	912,701	906,686	912,701
Term Advance (face value)	16	3,500	3,500	896,271	2,499,820
		<u>1,732,345</u>	<u>1,693,142</u>	<u>2,559,161</u>	<u>4,131,242</u>

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 (2015: 2), these account for 10% of the total Trade and Other Receivables (2015: 14%) 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 \$Nil (2015 ANZ \$Nil) and the Loan to Somerset Ashburton Limited \$896,271 (2015 \$2,499,820) There are no concentrations of credit risk in trade and other receivables with the largest debtor owing at 31 March 2016 \$63,668 (2015 \$74,520). 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 it's 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.

At 31 March 2015; the Trust was in breach of 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 2016				
Bank Borrowings	-	-	-	-
ANZ Flexible Facility	300,825	-	-	-
Trade and other payables	1,326,203	-	-	-
	<u>1,627,028</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2015				
Bank Borrowings	250,736	-	1,513,372	-
ANZ Flexible Facility	732,627	-	-	-
Trade and other payables	1,194,589	-	-	-
	<u>2,177,952</u>	<u>-</u>	<u>1,513,372</u>	<u>-</u>

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Group**At 31 March 2016**

Bank Borrowings	155,820	-	3,819,897	-
ANZ Flexible Facility	300,825	-	-	-
Trade and other payables	1,392,773	-	-	-
	<u>1,849,418</u>	<u>-</u>	<u>3,819,897</u>	<u>-</u>

At 31 March 2015

Bank Borrowings	3,250,736	-	1,513,372	-
ANZ Flexible Facility	732,627	-	-	-
Trade and other payables	1,262,946	-	-	-
	<u>5,246,309</u>	<u>-</u>	<u>1,513,372</u>	<u>-</u>

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 2016 \$	Group 2015 \$	Parent 2016 \$	Parent 2015 \$
Net (profit)/loss from Continuing Operations	1,540,362	933,168	1,494,694	944,407
Net (profit)/loss from Discontinued Operations	(243,834)	(632,421)	(213,561)	(466,042)
Net (profit)/loss for the period	<u>1,296,528</u>	<u>300,747</u>	<u>1,281,133</u>	<u>478,365</u>
<u>Adjust for non-cash items</u>				
Depreciation and Amortisation	(948,786)	(868,447)	(914,060)	(817,007)
Deferred tax expense -- continuing operations	-	(238,798)	-	(238,798)
Fair value movement in Investment Property	(378,817)	322,948	-	-
Discount unwinding on Advances	-	-	-	642,859
Building Impairment	87,695	74,283	-	-
Changes in net assets and liabilities				
<u>(Increase)/decrease in Assets</u>				
Trade and other Debtors	(33,400)	(152,030)	(49,200)	119,110
Sale of Shares	-	-	-	-
Inventory	15,437	256	15,437	256
Gain(Loss) on Sale included in Investing Activities	(912,339)	(122,701)	(903,265)	(122,701)
<u>Increase/(decrease) in liabilities</u>				
Creditors and other Payables	(139,961)	(93,555)	(142,594)	(71,747)
Employee Entitlements	7,807	2,015	7,807	2,015
Deferred Rental Income	-	-	-	-
Inducements	(44,387)	(69,058)	-	-
Net GST	(9,480)	(3,795)	(9,480)	(4,545)
Net cash (inflow)/outflow from operating activities	<u>(1,059,703)</u>	<u>(848,135)</u>	<u>(714,222)</u>	<u>(12,193)</u>

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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.

29 Discontinued Operations

	Group 2016 \$	Group 2015 \$	Parent 2016 \$	Parent 2015 \$
Revenue	16,697,744	17,395,926	16,697,744	17,395,926
Expenses	(15,679,263)	(16,763,505)	(15,815,986)	(16,929,884)
Gain/(loss) on disposal of assets	(677,271)	-	(668,197)	-
Profit/(Loss) before tax from Discontinued Operations	341,210	632,421	213,561	466,042
Tax Expense	-	-	-	-
Profit/(Loss) from Discontinued Operations	341,210	632,421	213,561	466,042
The net cash flows incurred by discontinued operations are;				
Operating	1,344,547	1,178,124	1,344,547	1,178,124
Investing	-	-	-	-
Financing	-	-	-	-
	1,344,547	1,178,124	1,344,547	1,178,124

During the year the trust sold Braided Rivers restaurant and bar(owned by the parent) along with the building known as 'The Shed', the land and building was owned by Somerset Ashburton Ltd(subsidiary) while the business assets were owned by the parent. The Gain/(loss) on disposal of these assets is noted above.

Before balance date the trust made the decision to market 4 businesses; The Somerset Grocer, Ashburton Speights Alehouse, Hotel Ashburton and Tinwald Tavern complex. It is expected that a sale will be achieved in the 2016/17 financial year.

30 Assets Available for Sale

Property Plant & Equipment	1,989,847	-	1,989,847	-
Inventory	709,356	-	709,356	-
Total Assets available for sale	2,699,203	-	2,699,203	-

Assets available for sale consist of the business assets of the 4 business units the trust had decided to market prior to 31 March 2016. These businesses are; The Somerset Grocer, Ashburton Speights Alehouse, Hotel Ashburton and Tinwald Tavern complex.

31 Restructuring Provision

Redundancy Provision	48,750	-	48,750	-
	48,750	-	48,750	-

The decision made in January 2016 to sell 4 of the Ashburton Licensing Trusts businesses gives rise to the potential for redundancy costs to be paid. In most cases the expectation is that employees will continue working in the same or substantially similar roles which will not give rise to redundancy compensation being payable. A redundancy provision has only been recognised in cases where there is a reasonable expectation that compensation will be payable.

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