

## CHAIRMAN'S REPORT



**MEMBERS OF THE TRUST: (from left) Alan McLay, Warren Prescott, Ali Brosnan (President), Denise McMillan (Deputy President), Peter Bond**

On behalf of the Oamaru Licensing Trust, I am delighted to announce the results of the financial year ending 31 March 2017.

The Oamaru Licensing Trust was constituted by the Licensing Trust Act 1949. The Licensing Trust Act was replaced by the Sale of Liquor Act 1989, followed by the Sale and Supply Act of Alcohol 2012. This report is submitted in accordance with section 334 of the Sale and Supply of Alcohol Act 2012. Members of the Oamaru Licensing Trust wish to present the Annual Accounts to the public of the Oamaru Licensing District.

### Summary

As you are aware, in the 2014 financial year, the Oamaru Licensing Trust made the move to manage its own affairs with the support and partnership of Mainstay Hotels, New Zealand. Since that time, the general manager of the Trust, Mainstay Hotels and the board have worked diligently to streamline the operation and to improve the trading results of the Trust's assets.

We are therefore delighted to announce that the trading result for the year end 31 March 2017 has continued to improve and the Oamaru Licensing Trust continues to consolidate and improve its financial performance for the betterment of the community.

During the year being reported on, the Trust recorded a growth in overall financial performance and a positive nett operating surplus of \$549,211 – this compares very favourably to the previous year, when the Trust recorded a nett operating surplus \$374,312.

After all other costs, this resulted in a tax-paid surplus of \$346,630 for the 2017 Financial Year – an improved result over the previous year.

As a direct consequence of the continued improvement in the Oamaru Licensing Trust's financial state, the Trust has committed to upgrading the Brydone Hotel and has begun a refurbishment programme that will raise the overall standard of the hotel. As well, the Trust has been able to carry out ongoing refurbishment of its other assets, which again bodes well for the future of the Trust and its ability to contribute positively to the local community.

We are clearly delighted to be sharing this positive result with the community. The board, along with its general manager and business partners, remains focused on continuing to improve the financial results of the Trust. We set a new course of direction three years ago and, given the movements we have seen to date, we remain very confident on the financial security of the Trust going forward and our decision to reshape the operations of the Trust.

### Sales

As reported above, we were pleased to see gross sales remain strong and with forward sales remaining strong, the Trust expects further gains in the years to come.

As the financial performance continues to improve, we remain focused on continuing to re-invest in the Trust's assets through an ongoing refurbishment plan at a rate and pace that allows us to meet our other financial obligations.

There were significant gains from the accommodation outlets in terms of operational contribution. There continues to be significant competition for the beverage wholesaling side of the business and subsequently the Oasthouse lost some ground in terms of revenue but costs remained controlled and the outcome on the bottom line was minimized. The Northstar complex had another solid year. Revenues from the accommodation and food operation were particularly good and costs were also tightly controlled, leading to a very good profit contribution. Beverage sales were roughly in line with the previous year and overall the operating profit exceeded the previous year.

Likewise, the Brydone Hotel enjoyed another strong year, with growth in revenue, particularly in the accommodation side. Costs were particularly well controlled and the hotel produced a very good result compared to the previous year. We are seeing stronger demand again this financial year from international clients and all else being equal expect to see good gains going forward.

Finally, we can also report that corporate operations saw some growth in revenue, which was encouraging, however, the bottom line was affected here by income tax movement.

Overall, an excellent result for the Oamaru Licensing Trust.

### Operating Expenses

Whilst revenues were slightly behind last year, the nett trading result was considerably ahead, so clearly there were some very strong levels of control over the costs in order for us to achieve an improved result.

The Trust has combined with other Licensing Trusts in New Zealand to explore efficiencies in purchasing, and by buying together we are able to reduce our overall costs. In addition, we have looked at our total business in the region and tried, where practical, to combine our purchasing strength for the good of the trust and community.

With our decision to manage our own assets, there has been a significant reduction in our overall costs – this has not led to any loss of marketing efforts both in and outside the region as we continue to enjoy exposure and assistance with business through our partners at Mainstay Hotels.

### Statement of Financial Position

Given the news above, you will share our pleasure in noting an improvement to our equity position. Equity now sits at \$2.762m against last year of \$2.409m. Equity has improved by circa \$800k since the 2014 report, which is particularly pleasing.

The last four years have seen a substantial turnaround in the Trust's fortunes and performance, which allows us to re-invest in both the community and our core assets, building value for our stakeholders throughout the district. We continue to drive the business and have a strong focus on continuing to drive the operating cashflow of the business. In addition, we have again reduced the level of debt that the Trust has and we see this as a positive move for our longer-term aspirations.

### Development and Capital Expenditure

The Trust is now in the fortunate position, through good financial management, to be able to continue a refurbishment plan which will see the assets refurbished over time. This will be in an ongoing manner to ensure that we have the plant the community can be proud of.

### Community Support

We are thrilled to again announce our support for so many organizations in our community – this continues a long and very proud history by the Oamaru Licensing Trust to recognise and help those many deserving groups. In order for us to achieve this level of support, we thank the community for their support of the Trust's assets through your patronage. We list the organisations that have received that support separately.

### Acknowledgements

It has again been an extremely challenging year in which to do business and the board wishes to acknowledge the passion and commitment shown to the organization by the respective managers and team members. Particular thanks to Cathy Maaka, who is the General Manager of the Oamaru Licensing Trust.

Our General Manager, Cathy, has not only worked hard to grow the business but has wholeheartedly embraced the organization to deliver the best result possible to the community.

We would also acknowledge the successful partnership with Mainstay Hotels New Zealand which has provided input and advice which has been provided to support the Management Team and the Board of the Oamaru Licensing Trust.

Finally, our thanks go out to all of those in the community for your continued support of the Oamaru Licensing Trust by way of feedback and your custom of the businesses within the Trust. We really do appreciate your support and help.

### Board

As President, I have been very pleased with the progress made this year – whilst challenging, it has also been very satisfying. I would like to take this opportunity to extend my thanks to the Board for all of their support and guidance so freely given over the past year. We continue to see some great opportunities going forward but remain cognisant of our responsibilities to upgrade and maintain our venues whilst continuing to reduce debt.

**Ali Brosnan, President  
Oamaru Licensing Trust**



**Erin Pink with Ali Brosnan  
at Sports Central Brewhouse**

**The Oamaru Licensing Trust, through gaming at Northstar Motel Restaurant & Bar and Sports Central Brew House, has contributed towards a total of \$224,692 to the following organisations in the Waitaki area between 1<sup>st</sup> April 2016 and 31<sup>st</sup> March 2017.**

Anglican Parish of Oamaru, Maheno; Blue Light Ventures Inc; Oamaru; Central Coast Country Music Assn Inc; Citizens Advice Bureau Inc - North Otago; Harbour Street Jazz Inc; Janet Frame Eden Street Trust; Literacy North Otago Inc; Musical Theatre Oamaru Inc; North Otago Justices of the Peace Assn Inc; Oamaru Performing Arts Soc Inc; Oamaru Steam & Rail Restoration Soc Inc; Oamaru Victorian Heritage Celebrations Inc; Oamaru Whitestone Civic Trust; Waitaki Community Recreation Centre; Waitaki District Community House Trust; Waitaki Safer Community Trust; Waitaki Tourism Assn; Environmental Education for Resource Sustainability Trust; North Otago Toy Library Inc; Oamaru Intermediate School; S A N Z - North Otago Scouts; St Kevin's College; Waitaki Boys' High School; Alzheimers Disease & Related Disorders Soc Otago Inc - North Otago; North Otago Asthma Soc Inc; Awamoa Soccer Club Inc; Meadowbank Bowling Club Inc; North Otago Cricket Assn Inc; North Otago Cricket Assn Inc; North Otago Netball Centre Inc; North Otago Recreational Turf Trust; North Otago Rugby Football Union Inc; North Otago Rugby Referees Assn Inc; North Otago Yacht and Power Boat Club Inc; Oamaru Old Boys R F C Inc; Special Olympics Lower South Island Regional Council; Special Olympics North Otago; Sport Otago; Sport Otago; Union Cricket Club (Oamaru) Inc.

**The Oamaru Licensing Trust had the pleasure of supporting the following organisations during the 2016-2017 financial year.**

Otago Basketball Association; Dunback Bowling Club; Maheno Bowling Club; Meadowbank Bowling Club; Phoenix Bowling Club; NO Cricket Assn - Borton Cup 2016/17, prizes; Union Cricket Club - Sponsorship; Oamaru Albion Cricket Club; Aviemore Fishing Club; Kakanui Fishing Club; Lower Waitaki Golf Club - Sponsored Tees; Otematata Golf Club; Waitoa Golf Club; NO Hockey Assn; Athletic Netball Club - Sponsorship for 2016; South Island Secondary Schools Netball; NO Sports Bodies; NO Rugby Football Union - Sponsorship Heartland - 2016, Sponsorship LL Citizen's Shield; NO Rugby Referees Association - Sponsorship 2016; Athletic Marist Rugby Football Club - Sponsorship for 2016; Subway Excelsior Rugby Football Club; Maheno Rugby Football Club; Oamaru Old Boys Rugby Football Club - Sponsorship for 2016; NO Masters Tennis; Whitestone Taekwondo Club; Alps to Ocean 2017; Christmas in the Park; Fundraiser for Charlee McLachlan; Great NO Tato Rol Off; Harbour Street Jazz Festival; Kakanui School; Maheno School; NO Cancer Society; NO Deerstalkers; Oamaru Bridge Club; Oamaru Club Card Section; Oamaru Euchre Tournament; Oamaru Jockey Club; Oamaru RSA; Oamaru Volunteer Fire Brigade; Rainbow Run; Riding For Disabled; Santa Parade; Sea Scouts; Show & Shine Fundraiser; Sports Awards; St John; Take A Kid Fishing.



**Victoria Maaka and Ali Brosnan  
at Northstar Motels Restaurant & Bar**

## FINANCIAL STATEMENTS

### Independent Auditor's Report

**To the readers of Oamaru Licensing Trust's financial statements for the year ended 31 March 2017**

The Auditor-General is the auditor of Oamaru Licensing Trust (the Trust). The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust, on his behalf.

#### Opinion

We have audited the financial statements of the Trust on pages 2 to 21, that comprise the statement of financial position as at 31 March 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, and the notes to the financial statements, which include accounting policies and other explanatory information.

In our opinion, the financial statements of the Trust:

- present fairly, in all material respects;
- its financial position as at 31 March 2017; and
- its financial performance and cash flows for the year then ended;
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards with reduced disclosure requirements.

Our audit was completed on 7 August 2017. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Members and our responsibilities relating to the financial statements, and we explain our independence.

#### Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Members for the financial statements

The Members are responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Members are responsible for such internal control as they determine is necessary to enable them to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members are responsible, on behalf of the Trust, for assessing the Trust's ability to continue as a going concern. The Members are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Members resolve to amalgamate or liquidate the Trust, or to cease operations, or have no realistic alternative but to do so.

The Members' responsibilities arise from the Sale and Supply of Alcohol Act 2012.

#### Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Members.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Members and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

#### Independence

We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standards 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Trust.

**John Mackey  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand**



**Cathy Maaka (General Manager) and  
Liquorland Manager Jenny Kinzett with Ali Brosnan**

**B**  
BRYDONE  
HOTEL OAMARU

**LiquorLand**  
*all the help you need*

**N**ORTH  
STAR

**SPORTS**  
CENTRAL

**Home of Beer  
and Live Sport**