

Oamaru Licensing Trust
Financial Statements
For the Year Ended 31 March 2018

Oamaru Licensing Trust

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For the Year Ended 31 March 2018

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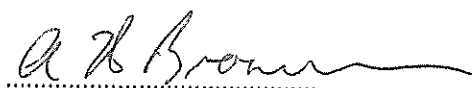
Oamaru Licensing Trust
Statement of Comprehensive Income
For the Year Ended 31 March 2018

	Note	2018 \$	2017 \$
Revenue	1	9,447,758	9,158,310
Cost of Sales		<u>(5,051,657)</u>	<u>(4,943,355)</u>
Gross Profit		4,396,101	4,214,954
Plus Other Revenue	2	<u>145,862</u>	<u>205,273</u>
		4,541,963	4,420,227
Less Expenses			
Advertising		(144,084)	(144,225)
Administration Expenses	4	(444,762)	(400,930)
Cleaning		(170,261)	(188,426)
Depreciation	20	(281,345)	(265,432)
Energy		(202,957)	(213,222)
Hospitality		(28,436)	(32,626)
Loss on Sale of Fixed Assets		(6,979)	(16,394)
Music and Entertainment		(6,471)	(15,515)
Rent and Rates		(48,768)	(48,436)
Repairs and Maintenance		(176,594)	(99,351)
Replacements		(12,744)	(10,213)
Sponsorships		(47,741)	(35,380)
Staffing	5	(2,251,754)	(2,133,065)
Sundry Operating Expenses	3	<u>(260,834)</u>	<u>(267,801)</u>
Total Expenses		<u>(4,083,731)</u>	<u>(3,871,016)</u>
Net Operating Surplus		458,232	549,211
Finance Cost - Interest		(143,599)	(202,581)
Net Surplus before Income Tax		<u>314,634</u>	<u>346,630</u>
Income Tax (Expense)/Credit	22	-	-
Net Surplus after Income Tax		<u>314,634</u>	<u>346,630</u>
Other Comprehensive Income		-	-
Fair Value Movement on Investments	11	(6,139)	6,791
Total Comprehensive Income		<u><u>308,495</u></u>	<u><u>353,421</u></u>

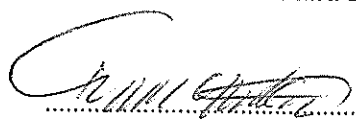
The accompanying notes form part of these financial statements.

Oamaru Licensing Trust
Statement of Financial Position
As at 31 March 2018

	Note	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	6	184,496	127,158
Inventories	8	506,930	473,984
Trade and Other Receivables	7	534,815	442,301
Total Current Assets		<u>1,226,242</u>	<u>1,043,443</u>
Non Current Assets			
Property, Plant and Equipment	20	4,040,973	4,079,443
Investments	11	933,762	939,901
Intangible Assets	12	2,310	1,320
Deferred Tax Asset	22	<u>280,000</u>	<u>280,000</u>
Total Non Current Assets		5,257,045	5,300,663
Total Assets		<u><u>6,483,287</u></u>	<u><u>6,344,106</u></u>
LIABILITIES			
Current Liabilities			
Bank Overdraft	6	285,545	445,203
Trade and Other Payables	9	994,621	832,792
Current Portion - Term Liabilities	18	165,137	163,829
Employee Entitlements	10	<u>100,400</u>	<u>107,904</u>
Total Current Liabilities		1,545,703	1,549,728
Non Current Liabilities			
Borrowings	18	<u>1,866,585</u>	<u>2,031,873</u>
Total Non Current Liabilities		1,866,585	2,031,873
Total Liabilities		<u>3,412,288</u>	<u>3,581,602</u>
EQUITY			
Retained Earnings		2,558,896	2,244,262
Investment Revaluation Reserve		<u>512,103</u>	<u>518,242</u>
Total Equity		3,070,999	2,762,504
Total Equity and Liabilities		<u><u>6,483,287</u></u>	<u><u>6,344,106</u></u>


 Trustee
 On behalf of the Oamaru Licensing Trust

28/6/18


 Trustee
 On behalf of the Oamaru Licensing Trust
 Date:

28/6/18

The accompanying notes form part of these financial statements.

**Oamaru Licensing Trust
Statement of Changes in Equity
For the Year Ended 31 March 2018**

	2018 \$	2017 \$
Balance as at 1 April	2,762,504	2,409,083
Total Comprehensive Income	308,495	353,421
Balance as at 31 March	<u>3,070,999</u>	<u>2,762,504</u>

The accompanying notes form part of these financial statements.

Oamaru Licencing Trust
Statement of Cashflows
For The Year Ended 31 March 2018

	Note	2018 \$	2017 \$
Cash Flows from Operating Activities			
<i>Cash was provided from:</i>			
Sales		9,366,315	9,253,835
Other Revenue		51,589	100,574
Interest		147	4,396
Dividends		94,126	100,238
Net GST Movement		29,294	14,486
		<u>9,541,472</u>	<u>9,473,530</u>
<i>Cash was disbursed to:</i>			
Cost of Sales		(4,947,732)	(5,025,380)
General Overhead Expenditure		(1,569,733)	(1,417,380)
Interest		(144,284)	(244,372)
Staffing Costs		(2,239,612)	(2,132,033)
		<u>(8,901,362)</u>	<u>(8,819,165)</u>
Net Cash Flows from Operating Activities		640,110	654,365
Cash Flows from Investing Activities			
<i>Cash was provided from:</i>			
Property Plant & Equipment Sold		2,825	2,247
<i>Cash was disbursed to:</i>			
Property Plant & Equipment Acquired		(252,886)	(142,054)
Net Cash Flows from Investing Activities		(250,061)	(139,807)
Cash Flows from Financing Activities			
<i>Cash was provided from</i>			
Long Term Loans Drawn Down		0	0
<i>Cash was disbursed to</i>			
Long Term Loans Repaid		(173,054)	(1,150,451)
		<u>(173,054)</u>	<u>(1,150,451)</u>
Net Cash Flows from Financing Activities		(173,054)	(1,150,451)
Net Increase (Decrease) in Cash and Cash Equivalents		216,996	(635,893)
Cash and Cash Equivalents at Beginning of Period		(318,045)	317,848
Cash and Cash Equivalents at End of Period		<u>(101,049)</u>	<u>(318,045)</u>

Oamaru Licensing Trust

Notes to the Financial Statements

For the Year Ended 31 March 2018

General Information

The Oamaru Licensing Trust (the "Trust") is a Licensing Trust as defined in New Zealand by the Sale and Supply of Alcohol Act 2012. The Trust is domiciled in New Zealand and 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 address of the Trust is c/- Brydone Chambers, 1 Wear Street, Oamaru 9400.

Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with the New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime ('NZ IFRS RDR') and other applicable Financial Reporting Standards as appropriate for profit-oriented entities under the reduced disclosure regime. The Oamaru Licensing Trust is a for-profit entity for the purposes of complying with NZ GAAP.

The financial statements are presented in New Zealand currency, rounded to the nearest whole dollar. The financial statements have been prepared on a historic cost basis except for share investments which are recorded at fair value. Historical cost is generally based on the fair value of consideration given in exchange for assets at the time the transaction occurred.

The New Zealand Framework assumes a going concern concept for the Trust. In this regard the Trustees are committed to ensuring a rollover of the loan funding, and implementing appropriate strategies and resolutions to achieve its out of money risk and to enable it to meet its financial obligations as they fall due. The Trustees have concluded that the going concern assumption is the valid basis for the preparation of the 2018 financial statements on consideration of the factors set out in note 18.

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.

NZ IFRS- reduced disclosure regime

The Trust has adopted External Reporting Board Standards A1 'Accounting Standards Framework (For-profit Entities Update) ('XRB A1')'. For the purpose of complying with NZ GAAP, the Trust is eligible to apply Tier 2 For-profit Accounting Standards (New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ('NZ IFRS RDR')) on the basis that it does not have public accountability and is not a large for-profit public sector entity. The Trust has elected to report in accordance with NZ IFRS RDR and has applied disclosure concessions.

Statutory Base

The Oamaru Licensing Trust is a Licensing Trust as defined in New Zealand by the Sale and Supply of Liquor Act 2012.

Oamaru Licensing Trust

Notes to the Financial Statements

For the Year Ended 31 March 2018

Changes in accounting policy and disclosures

There have been no changes in Accounting policies. All policies have been applied on bases consistent with those used in the previous year.

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)).

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 surplus/deficit as the expense is incurred.

- Depreciation

Depreciation is charged to the surplus/deficit over the estimated useful lives of each part of an item of property plant and equipment. The depreciation rates currently in use are as follows:

Asset Type	Rate	
Buildings	2-3%	(DV)
Building Fit Out	4% to 39.6%	(DV)
Plant	10% to 60 %	(DV)
Furniture and Fittings	10% to 60%	(DV)
Motor Vehicles	18% to 36.4%	(DV)

b) Investments

Investments are valued using valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Oamaru Licensing Trust

Notes to the Financial Statements

For the Year Ended 31 March 2018

c) Financial Assets

The Trust classifies its financial assets in the following categories: loans and receivables and available for sale assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its assets at initial recognition and re-evaluates this designation at every reporting date.

Classification

- Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. The Trust's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

- Available for sale financial assets

Available for sale financial assets as set out in note 11 are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period.

Any gain or loss from fair value valuation is recognised in other comprehensive income.

Recognition and Measurement

Regular purchases and sales of financial assets are recognised on trade date – the date on which the Trust commits to purchase or sell the asset. All financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Available for sale financial assets are carried at fair value unless fair value is unable to be determined, in which case they are carried at cost less any impairment.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

d) Intangibles

Liquor Licenses are intangible assets. They are stated at cost less accumulated amortisation and impairment losses. Cost is the amount paid for the liquor licenses. Amortisation is charged to the surplus/deficit 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). 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 surplus/deficit.

Oamaru Licensing Trust

Notes to the Financial Statements

For the Year Ended 31 March 2018

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. Rebates received are offset against purchases.

Cost of inventories is based on the weighted average and first-in first-out principles, 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 cash on hand in the Trust's establishments, call accounts and current and short-term deposit accounts, within original maturities of less than three months, maintained by the Trust with external banking institutions. Bank overdrafts that are repayable on demand and which form an integral part of the Trust's cash management are included as a component of cash and cash equivalents.

h) Impairment of Assets

The carrying amounts of the Trust's assets, other than inventories (refer accounting policy (f)), 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 surplus/deficit.

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 surplus/deficit.

i) Taxation

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

Current Tax

Current Tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it

Oamaru Licensing Trust

Notes to the Financial Statements

For the Year Ended 31 March 2018

Deferred Tax

Deferred tax is provided on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates expected to apply in the period of settlement, based on tax rates enacted or substantively enacted.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax has been calculated on the assumption that there will be no change in tax law or circumstances of the Trust that will result in tax losses not being available to the Trust in future.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Trust intends to settle current tax assets and liabilities on a net basis.

j) Payables

Trade and other payables are recognised when the Trust becomes obliged to make future payments resulting from the purchase of goods and services.

k) Provisions

A provision is recognised on the balance sheet when the Trust 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, but the timing of the settlement is uncertain. 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 surplus/deficit over the period of the borrowings using the effective interest method.

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.

Oamaru Licensing Trust

Notes to the Financial Statements

For the Year Ended 31 March 2018

n) Revenue

- Provision of Services

Revenue from the provision of accommodation is recognised when the Trust provides the service to the customer. The service is deemed to be provided on the night of the customers stay.

- Sale of Goods

Revenue from the sale of goods is recognised when the Trust 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.

- Other Trade 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's business activities.

- Finance Income

Dividend revenue from investments is recognised, exclusive of any imputation credits, 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.

o) Goods and Service Tax (GST)

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

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

p) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged against surplus/deficit on a straight-line basis over the period of the lease.

The Trust leases certain property, plant and equipment. Leases of property, plant and equipment where the Trust has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to surplus/deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Oamaru Licensing Trust
Notes to the Financial Statements
For the Year Ended 31 March 2018

NOTE:

	2018	2017
	\$	\$
1 Revenue		
Revenue comprises sales of products and services to external parties, categorised as follows:		
Liquor	6,047,767	5,890,862
Meals	1,267,043	1,201,330
Accommodation	1,947,414	1,898,107
Games, Hire & Sundry	185,534	168,010
Total Revenue	<u>9,447,758</u>	<u>9,158,310</u>

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.

Rent Received	51,589	50,185
Rebates Received	-	50,389
Interest Income	147	4,396
Depreciation Recovered	-	64
Dividends Received	94,126	100,238
Total Other Income	<u>145,862</u>	<u>205,273</u>

3 Sundry Operating Expenses

Sundry Operating Expenses include the following specific costs:

Computer Support	49,513	50,700
Magazines and Papers	292	310
Hire Charges	65,494	76,237
Postage, Printing & Stationery	17,864	10,668
Flowers and Decorations	17	227
Room Supplies	20,862	27,607
Other	106,792	102,051
Total Sundry Operating Expenses	<u>260,834</u>	<u>267,801</u>

Oamaru Licensing Trust
Notes to the Financial Statements
For the Year Ended 31 March 2018

	2018	2017
	\$	\$
4 Administration Expenses		
Amortisation (Note 12)	1,529	1,318
Audit Fees - Current Year	46,218	45,625
Bad & Doubtful Debts	13,823	(3,342)
Election Expenses	6,179	32,625
Insurance	49,995	32,544
Meeting Expenses	1,027	39
Members Remuneration (Note 16)	30,358	32,569
Professional Fees	129,523	116,510
Telephone	33,507	32,635
Vehicle & Travel	32,841	21,815
Bank Charges & Commisions	99,761	88,593
Total Administration Expenses	<u>444,762</u>	<u>400,930</u>
5 Staffing Cost		
Wages and Salaries	2,241,141	2,120,844
Changes to Provisions (Note 10)	7,504	8,947
Pension Cost - Defined Contribution Plan	3,108	3,274
Total Staffing Costs	<u>2,251,754</u>	<u>2,133,065</u>
Employees of the trust (section 335 (4) (b) (ii) of Sale and Supply of Alcohol Act 2012)		
One employee of the Trust received remuneration and other benefits within the band \$100,000 - \$109,999 during the financial year (2017 : 1) .		
6 Cash and Cash Equivalentents		
ANZ 00 Account - Funds In Bank	134,466	81,064
ANZ 01 Account - Overdraft	(285,545)	(445,203)
Imprest Advances	50,030	46,094
Total Cash Balance	<u>(101,049)</u>	<u>(318,045)</u>

Oamaru Licensing Trust
Notes to the Financial Statements
For the Year Ended 31 March 2018

	2018	2017
	\$	\$
7 Trade and Other Receivables		
Trade Receivables	472,817	410,443
Prepayments	25,398	26,598
Other	36,601	5,261
Trade and Other Receivables	<u>534,815</u>	<u>442,301</u>
8 Inventories		
The Trust's inventories comprise Finished Goods, Categorised as follows:		
Beverages, Cigarettes & Bar Sundries	490,663	457,445
Food	16,268	16,538
	<u>506,930</u>	<u>473,984</u>
9 Trade and Other Payables		
Trading Supplies	742,078	593,207
Other	252,543	239,584
	<u>994,621</u>	<u>832,792</u>
10 Provision for Employee Entitlements		
Vested Leave	98,112	98,147
Unvested Long Service Leave	2,288	9,758
	<u>100,400</u>	<u>107,904</u>

Vested leave represents both annual leave due to employees, and long service leave to which staff have become entitled, and which has vested in them. Unvested long Service leave represents the Trust's assessment of its exposure relating to staff for whom the entitlement is yet to vest.

Oamaru Licensing Trust

Notes to the Financial Statements

For the Year Ended 31 March 2018

	2018	2017
	\$	\$
11 Investments		
Investments in Equity Instruments		
- Assets available for sale		
The Trust holds 407,471 (2017: 407,471) ordinary shares issued by DB South Island Brewery Ltd. This holding represents 5.66% of the 7,200,000 (2017: 7,200,000) shares issued by that company.		
The Trust's shares in DB South Island Brewery Ltd were revalued in accordance with its valuation policy for available for sale assets. The shares are valued on the basis of the net assets of DB South Island Brewery Ltd as at 31 December 2017. DB South Island Brewery Limited's balance date is 31 December. The Trust has chosen to use the company's 31 December Audited Financial Statement information in order to incorporate audited financial information into its financial statements rather than relying on unaudited management financial reports as at 31 March. The Trust's determination is that this is the most appropriate method of valuation, and is consistent with a valuation under level 3 of the fair value hierarchy under NZ IFRS 13.		
Balance at start of financial period	939,901	933,109
Revaluation Increment / (Decrement)	<u>(6,139)</u>	<u>6,792</u>
Closing Balance	<u><u>933,762</u></u>	<u><u>939,901</u></u>
12 Amortisation of Intangibles		
Liquor Licenses		
Balance Brought Forward	1,320	2,638
Purchase of new licence	2,520	-
Amortisation and Impairment (Note 4)	<u>(1,529)</u>	<u>(1,318)</u>
Net Book Value	<u><u>2,310</u></u>	<u><u>1,320</u></u>

Liquor licences are held for Liquorland, Brydone Hotel, Sport Central and Northstar, the licence's are for 36 months with varying expiry and renewal dates. The licences are amortised over a three year period.

13 Commitments For Expenditure

Capital Commitments

There were no capital commitments as at 31 March 2018. (2017: Nil)

Lease Commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in note 15.

Oamaru Licensing Trust
Notes to the Financial Statements
For the Year Ended 31 March 2018

	2018	2017
	\$	\$
14 Contingent Liabilities and Assets		
Other than the guarantee provided to NZ Racing Board on 12/09/2006 for \$15,000 which has an open ended expiry date, there are no contingent liabilities and assets known as at balance date (2017 : \$5,000)		
15 Leases		
Finance Lease Liabilities		
At balance date the Trust has no hire purchase contracts.		
Operating Lease Commitments		
The Trust has in place various operating lease agreements, most of these agreements are for office equipment and a vehicle.		
Within 12 months	24,340	24,582
Between 1 and 5 years	19,433	35,938
	<u>43,773</u>	<u>60,519</u>
Operating Lease Commitments as Lessor		
The Trust has in place a ground lease from which it derives rental income.		
Within 12 months	4,680	4,680
	<u>4,680</u>	<u>4,680</u>
16 Related Parties		

Members

Transactions between entities in which members hold a financial interest and the Trust are conducted in accordance with normal commercial practice.

These are regularly monitored to assess compliance with the Local Authorities (Members Interests) Act 1968. \$Nil was owed by the Licensing Trust to related parties at balance date (2017 : \$3,013). Amounts owed to the Licensing Trust by related parties at balance date were \$294 - North Otago Rugby Union (2017 : \$401)

Members Interests

Warren Prescott is Chairman of the North Otago Rugby Union board, and vice President of the OLT board. Cathy Maaka is a Director of the Mosgiel Tavern, and General Manager of the OLT. Cathy has one daughter employed by the OLT. Ali Brosnan is the Chairman of the OLT and his son is the Shareholder/Director of Brosnan Refrigeration Ltd.

Oamaru Licensing Trust
Notes to the Financial Statements
For the Year Ended 31 March 2018

	2018	2017
	\$	\$
Remuneration of Trust members		
(section 335 (4) (b) (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.		
Remuneration and expenses paid during the year amounted to:		
President	16,519	16,308
Other Members Fees	13,440	14,280
Expenses Reimbursed to the President and members relating to meetings attendance and other activities	399	1,982
Total Remuneration and Expenses Paid	<u>30,358</u>	<u>32,570</u>
Total KMP Remuneration and Expenses for the year:		
(a) Short - term employee benefits	109,701	102,147
(b) Post - employee benefits	-	-
(c) Other long - term benefits	-	-
(d) Termination benefits	-	-
(e) Remuneration Bonds	-	-

Transactions between related parties

The following transactions occurred between related parties :

North Otago Rugby had purchases from OLT during the 2018 financial year of \$7,018 (2017 : \$13,069) . The Mosgiel Tavern had purchases from the OLT during the 2018 financial year of \$Nil (2017 : \$Nil). In the 2018 year the North Otago Rugby Union received sponsorship of \$9,775 (2017: \$8,800) . The OLT purchased goods and services of \$39,969 from Brosnan Refrigeration Ltd in the 2018 year.

17 Events Subsequent to Balance Date

There have been no events subsequent to balance date that require disclosure.

Oamaru Licensing Trust

Notes to the Financial Statements

For the Year Ended 31 March 2018

	2018	2017
	\$	\$
18 Interest-Bearing Loans		
Current Loans	165,137	163,829
Non-Current Loans	<u>1,866,585</u>	<u>2,031,873</u>
	<u>2,031,722</u>	<u>2,195,702</u>

The above loans are all provided by the ANZ Bank, \$1,200,000 of this funding is interest only up to 21 November 2021. This loan has a fixed interest rate of 5.16% (2017: 5.16%). \$800,000 is a fixed rate principal and interest loan which matures on 21 November 2021 and has an interest rate, at 31 March 2018, of 5.38% (2017: 5.38%). The bank loans are secured by first mortgage over the Trust's freehold land and buildings.

The loans are for a period of 5 years each and have been classified as non current liabilities, other than the amount of \$150,000 being the expected principal repayments within the following 12 month period. The Trust is committed to ensuring a rollover of the loan funding on 21 November 2021 and is confident of achieving this outcome .

The remaining loan for \$31,722 is in relation to a loan from UDC Finance Limited. This loan is for a period of 48 months, has a fixed interest rate of 8.4% and matures on 02 March 2020. The loan is secured over the Ford Transit Van registration number JQR752.

The current loans for 2018 relate to the loans provided by the ANZ Bank (\$150,000) and UDC (\$15,288) being the expected repayments within the following 12 months.

19 Bank loan and financial covenant

Oamaru Licensing Trust is subject to a financial covenant in relation to its bank loans of a ratio of earnings before interest, tax, depreciation and amortisation of 1.7 times interest costs. At 31 March 2018 the Trust met the required ratio.

The loan will continue to be repaid in accordance with the original terms and conditions.

The Trust will continue to monitor the ratio in future. The Trust is in constant communication with the lender as to the terms of the loan and expects that the availability of the loan will remain.

Oamaru Licensing Trust
Notes to the Financial Statements
For the Year Ended 31 March 2018

Note 20

Property, Plant and Equipment - Routine Fix Assets

	Land	Buildings	Equipment	Furniture & Fittings	Vehicle	Total
2018	\$	\$	\$	\$	\$	\$
Cost / Valuation						
Balance at 1 April 2017	223,024	7,538,359	1,111,879	1,426,705	97,460	10,397,426
Additions	-	13,848	11,725	227,313	-	252,885
Disposals	-	(65,233)	(206,210)	(242,903)	-	(514,347)
Balance at 31 March 2018	223,024	7,486,974	917,393	1,411,114	97,460	10,135,964
Accumulated Depreciation						
Balance at 1 April 2017	(432)	(4,164,621)	(922,279)	(1,167,959)	(62,693)	(6,317,985)
Current Year Depreciation	(12)	(160,272)	(49,389)	(61,529)	(10,155)	(281,357)
Disposals	-	61,842	205,580	236,927	-	504,349
Balance at 31 March 2018	(444)	(4,263,051)	(766,088)	(992,561)	(72,849)	(6,094,993)
Net Book Value	222,580	3,223,923	151,305	418,553	24,611	4,040,972

	Land	Buildings	Equipment	Furniture & Fittings	Vehicle	Total
2017	\$	\$	\$	\$	\$	\$
Cost / Valuation						
Balance at 1 April 2016	223,024	7,517,785	1,216,706	1,412,371	154,825	10,524,712
Additions	-	29,989	54,405	55,685	1,975	142,054
Disposals	-	(9,415)	(159,232)	(41,352)	(59,340)	(269,340)
Balance at 31 March 2017	223,024	7,538,359	1,111,879	1,426,704	97,460	10,397,426
Accumulated Depreciation						
Balance at 1 April 2016	(416)	(3,999,302)	(1,040,937)	(1,165,432)	(97,227)	(6,303,313)
Current Year Depreciation	(16)	(172,687)	(34,066)	(40,088)	(18,575)	(265,432)
Disposals	-	7,368	152,723.17	37,560	53,109	250,761
Balance at 31 March 2017	(432)	(4,164,621)	(922,279)	(1,167,960)	(62,693)	(6,317,984)
Net Book Value	222,592	3,373,738	189,599	258,744	34,767	4,079,442

Earthquake strengthening

A structural review of the earthquake risk to the Brydone Hotel was performed during the 2014 year. The review confirmed that the building, when analysed in accordance with the NZSEE current Guidelines, is not earthquake prone. Accordingly upgrades or strengthening work have not been commissioned or assessed. The timing and costs of any additional work required could have a significant effect on the property, its carrying value and the operation of the business.

Oamaru Licensing Trust
Notes to the Financial Statements
For the Year Ended 31 March 2018

21 Financial Instruments

Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition and the basis of measurement applied in respect of the each class of financial asset, financial liability and equity instrument are disclosed in Note C of the Significant Accounting Policies.

Capital Risk Management

The Trust manages its capital to ensure that the entities in the Trust will be able to continue as a going concern while maximising the return through the optimisation of the debt and equity balance.

The capital structure of the Trust consists of debt, which includes the borrowings disclosed in note 18, and cash and cash equivalents, and equity, comprising retained earnings as disclosed in note 6 and on the Statement of Changes in Equity.

The Trust's overall strategy remains unchanged from 2017.

There are no externally imposed capital requirements on the Trust.

Categories of Financial Assets and Financial Liabilities

	Loans and Receivables \$	Available-for-Sale Financial Assets \$	Financial Liabilities at Amortised Cost \$	Total \$
As at 31 March 2017				
Assets				
Cash and cash equivalents	127,158	-	-	127,158
Trade receivables	442,301	-	-	442,301
Investments	-	939,901	-	939,901
Total Financial Assets	569,459	939,901	-	1,509,360
Non-financial assets				4,834,746
Total Assets				6,344,106
Liabilities				
Overdraft				
Cash and cash equivalents			445,203	445,203
Trade and other payables	-	-	832,792	832,792
Interest-bearing loans	-	-	2,195,702	2,195,702
Total Financial Liabilities	-	-	3,473,697	3,473,697
Non-financial liabilities				107,904
Total Liabilities				3,581,601
As at 31 March 2018				
Assets				
Cash and cash equivalents	184,496	-	-	184,496
Trade receivables	509,418	-	-	509,418
Investments	-	933,762	-	933,762
Total Financial Assets	693,914	933,762	-	1,627,676
Non-financial assets				4,855,611
Total Assets				6,483,287
Liabilities				
Cash and cash equivalents			285,545	285,545
Trade and other payables	-	-	994,621	994,621
Interest-bearing loans	-	-	2,031,722	2,031,722
Total Financial Liabilities	-	-	3,311,888	3,311,888
Non-financial liabilities				100,400
Total Liabilities				3,412,288

Oamaru Licensing Trust
Notes to the Financial Statements
For the Year Ended 31 March 2018

	2018 \$	2017 \$
22 Income Tax		
Components of tax expense		
Current tax expense	130,417	139,182
Adjustments to current tax in prior years	-	-
Deferred tax expense	(130,417)	(139,182)
Tax expense	<u>0</u>	<u>0</u>
Relationship between tax expense and accounting profit		
Net surplus before tax	314,634	346,630
Tax at 28%	88,098	97,056
Plus (less) tax effect of:		
Non-deductible expenditure	74	75
Imputation credit adjustment	10,249	10,915
Buildings post 21 May 2010	691	707
Non-taxable income	-	-
Prior year adjustment	(4,680)	-
Losses Recognised	(130,417)	(139,182)
Deferred tax adjustment	35,986	30,429
Tax expense	<u>-</u>	<u>-</u>

Imputation credits

Imputation credits available for use in subsequent reporting periods

Deferred tax asset (liability)

	Property, plant and equipment \$	Employee entitlements \$	Other provisions \$	Tax losses \$	Total \$
Balance at 31 March 2016	(894,305)	25,230	1,597	1,147,478	280,000
Charged to surplus or deficit	32,353	(5,085)	3,161	(30,429)	0
Charged to other comprehensive income	-	-	-	-	-
Balance at 31 March 2017	(861,952)	20,145	4,758	1,117,049	280,000
Charged to surplus or deficit	40,330	(3,413)	(240)	(36,677)	0
Charged to other comprehensive income	-	-	-	-	-
Balance at 31 March 2018	<u>(821,622)</u>	<u>16,732</u>	<u>4,518</u>	<u>1,080,372</u>	<u>280,000</u>

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Licensing Trust did not recognise deferred income tax assets of \$616,611 (2017: \$679,498) in respect of losses amounting to \$2,202,182 (2017: \$2,426,778) that can be carried forward against future taxable income. Losses amounting to \$250,000 (2017: \$250,000) expire in 2019, 2020, 2021 & 2022 respectively.