

Oamaru Licensing Trust
Financial Statements
For the Year Ended 31 March 2021

Oamaru Licensing Trust

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For the Year Ended 31 March 2021

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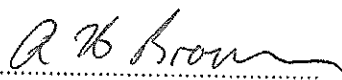
Oamaru Licensing Trust
Statement of Comprehensive Income
For the Year Ended 31 March 2021


	Note	2021 \$	2020 \$
Revenue	1	7,760,182	9,226,578
Cost of Sales		<u>(4,773,673)</u>	<u>(5,116,162)</u>
Gross Profit		2,986,510	4,110,416
Plus Other Revenue	2	<u>489,282</u>	<u>148,082</u>
		3,475,792	4,258,498
Less Expenses			
Advertising		(140,878)	(140,972)
Administration Expenses	4	(401,925)	(444,599)
Cleaning		(70,299)	(141,052)
Depreciation	21	(293,922)	(314,297)
Energy		(151,496)	(172,767)
Hospitality		(9,994)	(9,579)
Music and Entertainment		(1,876)	(9,231)
Rent and Rates		(51,624)	(50,267)
Repairs and Maintenance		(113,606)	(195,913)
Replacements		(10,236)	(12,719)
Sponsorships		(14,539)	(51,624)
Staffing	5	(2,261,089)	(2,521,250)
Sundry Operating Expenses	3	<u>(211,626)</u>	<u>(253,366)</u>
Total Expenses		<u>(3,733,109)</u>	<u>(4,317,636)</u>
Net Operating Surplus		(257,318)	(59,139)
Finance Cost - Interest		(105,850)	(124,031)
Net Surplus before Income Tax		<u>(363,168)</u>	<u>(183,170)</u>
Income Tax (Expense)/Credit	23	-	(280,000)
Net Surplus after Income Tax		<u>(363,168)</u>	<u>(463,170)</u>
Other Comprehensive Income		-	-
Fair Value Movement on Investments	11	488,218	(23,996)
Total Comprehensive Income		<u>125,050</u>	<u>(487,166)</u>

The accompanying notes form part of these financial statements.

Oamaru Licensing Trust
Statement of Financial Position
As at 31 March 2021

	Note	2021 \$	2020 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	6	135,006	218,567
Inventories	8	426,484	356,069
Trade and Other Receivables	7	355,151	742,659
Total Current Assets		<u>916,641</u>	<u>1,317,295</u>
Non Current Assets			
Property, Plant and Equipment	21	3,999,926	4,148,325
Investments	11	1,403,500	915,282
Intangible Assets	12	1,050	1,890
Total Non Current Assets		<u>5,404,476</u>	<u>5,065,497</u>
Total Assets		<u><u>6,321,117</u></u>	<u><u>6,382,792</u></u>
LIABILITIES			
Current Liabilities			
Bank Overdraft	6	644,060	692,869
Trade and Other Payables	9	1,059,901	726,102
Deferred Income		-	369,992
Lease Liabilities	15	4,770	4,175
Current Portion - Term Liabilities	18	1,625,000	1,350,000
Employee Entitlements	10	171,691	194,239
Total Current Liabilities		<u>3,505,422</u>	<u>3,337,377</u>
Non Current Liabilities			
Lease Liabilities	15	8,937	13,707
Borrowings	18	-	350,000
Total Non Current Liabilities		<u>8,937</u>	<u>363,707</u>
Total Liabilities		<u>3,514,359</u>	<u>3,701,084</u>
EQUITY			
Retained Earnings		1,824,916	2,188,084
Investment Revaluation Reserve		981,842	493,624
Total Equity		<u>2,806,758</u>	<u>2,681,708</u>
Total Equity and Liabilities		<u><u>6,321,117</u></u>	<u><u>6,382,792</u></u>


 Trustee
 On behalf of the Oamaru Licensing Trust


 Trustee
 On behalf of the Oamaru Licensing Trust
 Date: 20th September 2021

The accompanying notes form part of these financial statements.

**Oamaru Licensing Trust
Statement of Changes in Equity
For the Year Ended 31 March 2021**

	2021 \$	2020 \$
Balance as at 1 April	2,681,708	3,168,874
Total Comprehensive Income	125,050	(487,166)
Balance as at 31 March	<u>2,806,758</u>	<u>2,681,708</u>

The accompanying notes form part of these financial statements.

Oamaru Licencing Trust
Statement of Cashflows
For The Year Ended 31 March 2021

	Note	2021	2020
Cash Flows from Operating Activities		\$	\$
<i>Cash was provided from:</i>			
Sales		7,759,154	9,350,028
Other Revenue Incl Government Wage Subsidy		447,136	31,560
Dividends		80,679	72,122
		<u>8,286,969</u>	<u>9,453,710</u>
<i>Cash was disbursed to:</i>			
Cost of Sales		(4,488,430)	(5,232,816)
General Overhead Expenditure		(1,250,104)	(1,506,181)
Interest		(107,382)	(125,255)
Staffing Costs		(2,271,647)	(2,493,731)
Net GST Movement		14,668	(21,217)
		<u>(8,102,895)</u>	<u>(9,379,199)</u>
Net Cash Flows from Operating Activities		184,074	74,511
Cash Flows from Investing Activities			
<i>Cash was provided from:</i>			
Property Plant & Equipment Sold		6,087	0
<i>Cash was disbursed to:</i>			
Property Plant & Equipment Acquired		(145,739)	(247,021)
		<u>(139,652)</u>	<u>(247,021)</u>
Net Cash Flows from Investing Activities		(139,652)	(247,021)
Cash Flows from Financing Activities			
<i>Cash was provided from</i>			
Long Term Loans Drawn Down		0	73,000
		<u>0</u>	<u>73,000</u>
<i>Cash was disbursed to</i>			
Repayment of Loans		(75,000)	(166,523)
Payment of principal portion of lease liabilities		(4,175)	(3,700)
		<u>(79,175)</u>	<u>(170,223)</u>
Net Cash Flows from Financing Activities		(79,175)	(97,223)
Net Increase (Decrease) in Cash and Cash Equivalents		(34,752)	(269,734)
Cash and Cash Equivalents at Beginning of Period		(474,302)	(204,568)
Cash and Cash Equivalents at End of Period		<u><u>(509,054)</u></u>	<u><u>(474,302)</u></u>

Oamaru Licensing Trust

Notes to the Financial Statements

For the Year Ended 31 March 2021

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 2021 financial statements on consideration of the factors set out in note 18 and 19.

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 2021

Changes in accounting policy and disclosures

New standards, interpretations and amendments which have become effective this year.

- Going Concern Disclosures (Amendments to FRS-44)

Certain new accounting standard and amendments have been issued that are not mandatory for the 31 March 2021 financial year and have not been early adopted. Those standards and amendments that are relevant to the Trust are:

Amendments to NZ IAS 1 - Classification of Liabilities as Current or Non-current

The amendments clarify a criterion in NZ IAS 1 for classifying a liability, such as loans, as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments;

- specify that an entity's right to defer settlement must exist at the end of the reporting period;
- clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- clarify how lending conditions, such as loan covenants, effect classification; and
- clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Trust will not early adopt these amendments and will first apply the amendments in the 31 March 2023 financial statements. The Trust is assessing the effect of these amendments on its loan agreements.

Oamaru Licensing Trust

Notes to the Financial Statements

For the Year Ended 31 March 2021

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	2-40%	(DV)
Equipment	10% to 60 %	(DV)
Furniture and Fittings	3% to 60%	(DV)
Motor Vehicles	18% to 36.4%	(DV)

furniture and fittings includes building fitout.

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 2021

c) Financial Instruments

Financial Assets

The Trust classifies its financial assets in the following categories discussed below, depending on the purpose for which the asset was acquired. The Trust's accounting policy for each category is as follows:

- Fair value through profit or loss

This category comprises in-the-money derivatives and out-of-the-money derivatives where the time value offsets the negative intrinsic value. They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expenses line. The Trust does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through surplus/deficit.

- Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within NZ IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

- Fair value through other comprehensive income

The Trust has an investment in a unlisted entity which is not accounted for as a subsidiary, associate or jointly controlled entity. For this investment, the Trust has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Trust considers this measurement to be the most representative of the business model for these assets. It is carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income is reclassified directly to surplus/deficit.

Dividends are recognised in surplus/deficit.

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 surplus/deficit.

Financial Liabilities

The Trust classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Trust's accounting policy for each category is as follows:

d) Receivables

Oamaru Licensing Trust

Notes to the Financial Statements

For the Year Ended 31 March 2021

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.

e) 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.

f) 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.

g) 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.

The impacts of Covid-19 have been considered when assessing the carrying value of the Trust's assets. The Trust has determined that Covid 19 did not sufficiently affect the fair values of the assets and that they are not less than the current carrying values. Accordingly no impairment has been made.

Oamaru Licensing Trust

Notes to the Financial Statements

For the Year Ended 31 March 2021

h) 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 is unpaid (or refundable)

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.

i) Payables

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

j) Provisions

A provision is recognised on the Statement of Financial Position 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.

k) 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.

Oamaru Licensing Trust

Notes to the Financial Statements

For the Year Ended 31 March 2021

l) 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.

m) 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.

n) 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.

Oamaru Licensing Trust

Notes to the Financial Statements

For the Year Ended 31 March 2021

o) Leases

The Trust as a Lessee

The Trust assesses whether a contract is or contains a lease, at inception of the contract. The Trust recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Trust recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Measurement and recognition of leases as a lessee

At lease commencement date, the Trust recognises a right of use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Trust and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Trust depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Trust also assesses the right-of-use asset for impairment when such indicators exist.

At commencement date, the Trust measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available for the Trust's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

On the statement of financial position, right of use assets have been included in property, plant and equipment.

The Trust as a Lessor

As a lessor the Trust classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

p) Government Grants

The Trust recognises a government grant when it has a reasonable assurance that it will comply with the relevant conditions and the grant will be received. If the conditions are met the Trust recognises government grants in profit or loss as other income on a systematic basis and in line with its recognition of the expenses that the grants are intended to compensate.

Oamaru Licensing Trust

Notes to the Financial Statements

For the Year Ended 31 March 2021

NOTE:

	2021	2020
	\$	\$
1 Revenue		
Revenue comprises sales of products and services to external parties, categorised as follows:		
Liquor	5,871,901	6,219,816
Meals	752,421	1,042,803
Accommodation	966,443	1,760,825
Games, Hire & Sundry	169,417	203,134
Total Revenue	<u>7,760,182</u>	<u>9,226,578</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	32,745	31,560
Government Grant - Wages Subsidy	369,992	44,399
Dividends Received	80,679	72,122
Gain on Sale of Fixed Assets	5,866	-
Total Other Income	<u>489,282</u>	<u>148,082</u>

3 Sundry Operating Expenses

Sundry Operating Expenses include the following specific costs:

Computer Support	57,740	49,919
Magazines and Papers	355	309
Hire Charges	55,693	75,682
Postage, Printing & Stationery	16,855	23,621
Room Supplies	12,839	24,069
Other	43,508	45,821
Other Staff Related Costs	24,637	33,945
Total Sundry Operating Expenses	<u>211,626</u>	<u>253,366</u>

Oamaru Licensing Trust
Notes to the Financial Statements
For the Year Ended 31 March 2021

	2021	2020
	\$	\$
4 Administration Expenses		
Amortisation (Note 12)	840	1,330
Audit Fees - Current Year	64,522	62,643
Audit Fees - Prior Year	8,758	3,600
Insurance	66,393	78,269
Meeting Expenses	9,143	21,722
Members Remuneration (Note 16)	26,280	31,471
Professional Fees	107,064	94,986
Telephone	13,477	10,291
Vehicle & Travel	22,162	19,096
Bank Charges & Commissions	83,287	121,191
Total Administration Expenses	<u>401,925</u>	<u>444,599</u>

5 Staffing Cost

Wages and Salaries	2,273,166	2,533,377
Changes to Provisions (Note 10)	(14,987)	(15,043)
Pension Cost - Defined Contribution Plan	2,909	2,917
Total Staffing Costs	<u>2,261,089</u>	<u>2,521,250</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 \$110,000 - \$119,999 during the financial year (2020 : One employee: \$100,000 - \$109,999) .

6 Cash and Cash Equivalents

ANZ 00 Account - Funds In Bank	85,559	168,243
ANZ 01 Account - Overdraft	(644,060)	(692,869)
Imprest Advances	49,446	50,324
Total Cash Balance	<u>(509,054)</u>	<u>(474,302)</u>

Oamaru Licensing Trust
Notes to the Financial Statements
For the Year Ended 31 March 2021

	2021	2020
	\$	\$
7 Trade and Other Receivables		
Trade Receivables	261,632	255,765
Prepayments	27,365	24,782
Other	66,155	47,721
Wages Subsidy	-	414,391
Trade and Other Receivables	<u>355,151</u>	<u>742,659</u>

Aging Analysis for Trade Receivables:

One Month:	226,742	150,531
1-3 Months:	32,002	104,128
3 + months:	2,888	1,106
Total Trade Receivables	<u>261,632</u>	<u>255,765</u>

In March 2020, the New Zealand Government announced a wages subsidy scheme which provides government financial assistance to employers to help pay employee salary and wages for a 12-week period. This assistance qualifies as a government grant within the scope of NZ IAS 20. The wages subsidy receivable is recognised as an asset when the claim is submitted along with a corresponding liability until the conditions attached to the grant are satisfied. As and when the Trust pays the salaries or wages to the employees, the wages subsidy is reduced and recognised as income in profit or loss. In March 2021 \$369,997 (2020:\$44,399) relating to wages subsidy was recognised as income. The wages subsidy was received in full in April 2020.

8 Inventories

The Trust's inventories comprise Finished Goods, Categorised as follows:

Beverages, Cigarettes & Bar Sundries	412,439	338,224
Food	14,045	17,846
	<u>426,484</u>	<u>356,069</u>

9 Trade and Other Payables

Trading Supplies	803,413	491,459
Other	256,488	234,643
	<u>1,059,901</u>	<u>726,102</u>

In the 2020 year the Trust received proceeds of \$72k from the sale of a property that was originally purchased with funds contributed by an employee social club. These funds are being held until legal advice is obtained as to how they should be distributed. Accordingly the funds are not available for immediate general business use and are included in other payables.

Oamaru Licensing Trust

Notes to the Financial Statements

For the Year Ended 31 March 2021

	2021	2020
	\$	\$
10 Provision for Employee Entitlements		
Accrued Wages	21,330	58,864
Annual Leave	148,073	133,086
Long Service Leave	2,288	2,288
	<u>171,691</u>	<u>194,239</u>

Annual Leave includes Annual Leave (\$134,469) and Lieu Days (\$13,604) which staff have become entitled, and which has vested in them. Long Service leave represents the Trust's assessment of its exposure relating to staff for whom the entitlement is yet to vest.

11 Investments

Investments in Equity Instruments

The Trust holds 407,471 (2020: 407,471) ordinary shares issued by DB South Island Brewery Ltd. This holding represents 5.66% of the 7,200,000 (2020: 7,200,000) shares issued by that company.

The Trust's shares in DB South Island Brewery Ltd are not held for trading. The shares are carried at fair value through other comprehensive income. The fair value was determined by an independent market valuation at 31 December 2020. In previous years the shares were valued on the basis of the net assets of DB South Island Brewery Ltd as at DB South Island Brewery Limited's balance date.

Balance at start of financial period	915,282	939,278
Revaluation Increment / (Decrement)	<u>488,218</u>	<u>(23,996)</u>
Closing Balance	<u>1,403,500</u>	<u>915,282</u>

12 Amortisation of Intangibles

Liquor Licenses

Balance Brought Forward	1,890	3,220
Amortisation and Impairment	(840)	(1,330)
Net Book Value	<u>1,050</u>	<u>1,890</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.

Oamaru Licensing Trust

Notes to the Financial Statements

For the Year Ended 31 March 2021

	2021	2020
	\$	\$
13 Commitments For Expenditure		
Capital Commitments		
There were no capital commitments as at 31 March 2021. (2020: Nil)		
Lease Commitments		
Finance lease liabilities and non-cancellable operating lease commitments are disclosed in note 15.		
14 Contingent Liabilities and Assets		
Other than the guarantee provided to NZ Racing Board on 12/09/2006 for \$15,000 which has an expiry date of 1 October 2021, there are no contingent liabilities and assets known as at balance date (2020 : \$15,000)		
15 Leases		
Right-of-use assests		
Additional information on the right-of-use assets by class of assts is as follows:		
	Equipment	
Net Carrying Amount 31 March 2020	\$14,043	
Net Carrying Amount 31 March 2021	\$9,830	
Depreciation 31 March 2020	\$6,018	
Depreciation 31 March 2021	\$4,213	
Lease Liabilities		
The trust had a lease contract with flexirent for the purchase of a telephone system in the 2020 financial year. The telephone system has a net carrying value of \$9,830 (2020:\$14,043). The lease liabilities presented in the statement of financial position as follows:		
Within one year	4,770	4,175
Later than one year but not later than five years	8,937	13,707
	<u>13,707</u>	<u>17,882</u>
Amounts recognised in profit and loss		
Depreciation on-right-of use assets	4,213	6,019
Interest on lease liabilities	2,153	2,629
Expense relating to leases of low value assets	5,316	15,508
Short Term Lease Commitments		
The Trust has in place various short term lease agreements for office equipment.		
Within one year	1,391	5,316
Later than one year but not later than five years	348	1,739
	<u>1,739</u>	<u>7,055</u>

The Trust had total cash flows for leases of \$11,644.09 (2020:\$25,043.03).

Oamaru Licensing Trust

Notes to the Financial Statements

For the Year Ended 31 March 2021

	2021	2020
	\$	\$
Trust as a Lessor		
The Trust has in place five leases from which it derives rental income which are on a month by month basis. Rental income recognised by the Trust during the year is \$32,745 (2020 \$31,560).		
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. \$803 was owed by the Licensing Trust to related parties at balance date (2020 : \$Nil). Amounts owed to the Licensing Trust by related parties at balance date were \$28 (2020 : \$182)		
Members Interests		
Warren Prescott is Chairman of the North Otago Rugby Union board, and a member 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.		
Transactions between related parties		
The following transactions occurred between related parties :		
North Otago Rugby had purchases from OLT during the 2021 financial year of \$3,019 (2020 : \$11,234). The Mosgiel Tavern had purchases from the OLT during the 2021 financial year of \$Nil (2020 : \$Nil). In the 2021 year the North Otago Rugby Union received sponsorship of \$Nil (2020: \$9,291) . The OLT purchased goods and services of \$9,041 from Brosnan Refrigeration Ltd in the 2021 year (2020:\$3,136) .		
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	19,000	19,000
Other Members Fees	7,280	11,200
Expenses Reimbursed to the President and members relating to meetings attendance and other activities	-	-
Total Remuneration and Expenses Paid	<u>26,280</u>	<u>30,200</u>
Total KMP Remuneration and Expenses for the year:		
(a) Short - term employee benefits	113,483	101,586
(b) Post - employee benefits	-	-
(c) Other long - term benefits	-	-
(d) Termination benefits	-	-
(e) Remuneration Bonds	-	-

Oamaru Licensing Trust

Notes to the Financial Statements

For the Year Ended 31 March 2021

	2021	2020
	\$	\$
17 Events Subsequent to Balance Date		
<p>New Zealand entered level 4 restrictions on the 18th August 2021 due to Covid -19 and the Trust had all its sites closed. The financial impact for the Trust is currently uncertain. The Trust's Board will continue to monitor any potential financial impact to the Trust.</p> <p>There have been no other events subsequent to balance date that require disclosure.</p>		
18 Interest-Bearing Loans		
Current Loans	1,625,000	1,350,000
Non-Current Loans	-	350,000
	<u>1,625,000</u>	<u>1,700,000</u>

The above loans are all provided by the ANZ Bank, \$1,200,000 of this funding is interest only which matures on 21 November 2021. This loan has a fixed interest rate of 3.71% (2020: 5.08%). \$425,000 is a fixed rate principal and interest loan which matures on 21 November 2021 and has an interest rate of 4.25% (2020: 4.25%). The bank loans are secured by first mortgage over the Trust's freehold land and buildings.

Both of the loans expire on 21 November 2021 and have been classified as a current liability. The Trust is committed to ensuring a rollover of the loan funding on 21 November 2021 and is confident of achieving this outcome .

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 2021 the Trust did not meet the required ratio in the 2021 year.

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.

20 Impacts of Covid-19

On 11 March 2020 , the World Health Organisation declared the outbreak of Covid-19 a pandemic and two weeks later the New Zealand Government declared a State of National Emergency. From this, the country was in lockdown at Alert Level 4 for the period 26 March to 27 April and remained in lockdown at Alert Level 3 until 13 May. The country moved to Alert level 1 on 9 June 2020. Additionally , parts of the country moved into Alert Level 2 for some time during August and September 2020 and during February and March 2021.

The Government's response to Covid-19 included restricting access to commercial premises from 26 March to 13 May 2020. During the alert level 3 and 4 lockdowns, the Trust closed all sites and implemented plans to work from home where possible. Head Office staff moved to a 'work from home' model and hospitality staff remained at home until bars were able to open on 21 May. Liquorland operated a contactless delivery service from 8th April and then moved to "Click and Collect".

Tenants in the 3 rental properties were offered 3 months free rent to assist them over the uncertainty of lockdown and future business.

Oamaru Licensing Trust

Notes to the Financial Statements

For the Year Ended 31 March 2021

	2021	2020
	\$	\$

The main impacts on the Trust's financial statements due to Covid-19 are:

Rental Income

All tenants have continued to remain in place and honour the existing agreements in place. Three tenants were provided three months free of rent.

Hospitality Income

Revenue from our hospitality operations ceased during the 'lockdown' period while most costs continued, the nature of these businesses has meant that revenue returned to normal levels at Liquorland but we have had a decrease in income at both Northstar and Brydone. The financial consequence of this was losses incurred during this period and ongoing, due to the decrease in accommodation and tourism. Since April 2021 food and beverage income has reverted close to 2019 trading and there has been a decrease in accommodation revenue.

Revenue from Wage Subsidy

The Trust received the government wage subsidy of \$414,391 for the initial 12-week period in April 2020. No further subsidies were applied for.

Payroll Costs

The Trust received the government wage subsidy for the initial 12 week period. The Trust continued to pay its staff 100% of their regular entitlements for the first two weeks then 80% for the following 10 weeks. Anyone still working received 100% of their regular entitlements. The Trust reported significantly reduced payroll costs as a result of this.

Operating Expenses

As a result of Covid-19, the Trust noticed an immediate decrease in income due to the uncertainty of tourism worldwide. The Asian market was a key market for the Trust and the ceasing of this market has impacted revenue. We have incurred lower than budgeted operating expenses, while fixed costs remained steady and variable costs reduced. The Trust continued to renovate the Brydon Hotel during 2021 financial year which was funded from the Trust's cashflow.

Carrying Value of Land and Buildings

The inability of our hospitality businesses to operate during the 'lockdown' period has resulted in reduced revenue while most costs excluding cost of sales remained fixed. This has resulted in a reduced return on these assets.

The Trust performed an impairment test for the assets of sites whose trading conditions continued to be adversely affected by Covid-19 at 31 March 2021. Despite the reduced revenue from these assets creating some uncertainty in the recoverable amount, there was sufficient headroom between the carrying value and the recoverable amount.

August 2021 Level 4 Restrictions

The Delta variant was introduced to the community in August 2021 and this led to an immediate lockdown by the New Zealand Government. At level 4 the Trust's premises cannot be used and therefore the Trust has lost income from its bars, restaurants and accommodation. The Trust is fortunate to have a diverse portfolio and have retained income from its wholesale liquor business is assisting with cash flow. The Trust has also applied for the government wages subsidy. As we are unaware of the timelines, we cannot with certainty express an opinion on the effect this may have on the operation at this point.

Oamaru Licensing Trust
Notes to the Financial Statements
For the Year Ended 31 March 2021

Note 21

Property, Plant and Equipment - Routine Fix Assets

	Land	Buildings	Equipment	Furniture & Fittings	Vehicle	Total
2021	\$	\$	\$	\$	\$	\$
Cost						
Balance at 1 April 2020	223,024	7,789,006	1,067,706	1,571,110	202,207	10,853,052
Additions	-	38,079	38,275	69,385	-	145,739
Disposals	-	-	-	-	(10,222)	(10,222)
Balance at 31 March 2021	223,024	7,827,084	1,105,982	1,640,494	191,985	10,988,569
Accumulated Depreciation						
Balance at 1 April 2020	(444)	(4,569,947)	(870,458)	(1,149,966)	(113,913)	(6,704,729)
Current Year Depreciation		(140,588)	(43,325)	(81,029)	(28,980)	(293,922)
Disposals		-	-	-	10,008	10,008
Balance at 31 March 2021	(444)	(4,710,535)	(913,783)	(1,230,995)	(132,886)	(6,988,643)
Net Book Value	222,580	3,116,549	192,199	409,499	59,099	3,999,926

Included in the above line items are right-of-use assets over the following

Equipment 9,830

	Land	Buildings	Equipment	Furniture & Fittings	Vehicle	Total
2020	\$	\$	\$	\$	\$	\$
Cost						
Balance at 1 April 2019	223,024	7,646,887	1,048,226	1,538,093	149,802	10,606,032
Additions	-	142,119	19,481	33,016	52,405	247,021
Disposals	-	-	-	-	-	-
Balance at 31 March 2020	223,024	7,789,006	1,067,706	1,571,110	202,207	10,853,052
Accumulated Depreciation						
Balance at 1 April 2019	(444)	(4,418,641)	(815,319)	(1,068,174)	(87,855)	(6,390,432)
Current Year Depreciation		(151,306)	(55,140)	(81,792)	(26,059)	(314,297)
Disposals		-	-	-	-	-
Balance at 31 March 2020	(444)	(4,569,947)	(870,458)	(1,149,966)	(113,913)	(6,704,729)
Net Book Value	222,580	3,219,059	197,248	421,144	88,293	4,148,324

Included in the above line items are right-of-use assets over the following

Equipment 14,043

Oamaru Licensing Trust
Notes to the Financial Statements
For the Year Ended 31 March 2021

22 Financial Assets and Liabilities

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 2020.

There are no externally imposed capital requirements on the Trust.

Note c) Financial Instruments provides a description of each category of financial assets and financial liabilities and the related accounting policies. The carrying amount of financial liabilities in each category are as follows:

Categories of Financial Assets and Financial Liabilities

	Fair Value Through Profit or Loss \$	Amortised Cost (Loans and Receivables) \$	Fair Value through Other Comprehensive Income (Available for Sale) \$	\$
As at 31 March 2020				
Financial Assets				
Cash and cash equivalents	-	218,567	-	
Trade receivables	-	717,939	-	
Equity Investments	-	-	915,282	
Total Financial Assets	-	936,506	915,282	
Financial Liabilities				
Cash and cash equivalents		692,869	-	
Trade and other payables		726,102	-	
Interest-bearing loans	-	1,700,000	-	
Total Financial Liabilities	-	3,118,971	-	
As at 31 March 2021				
Financial Assets				
Cash and cash equivalents	-	135,006	-	
Trade receivables	-	327,786	-	
Investments	-	-	1,403,500	
Total Financial Assets	-	462,792	1,403,500	
Financial Liabilities				
Cash and cash equivalents		644,060	-	
Trade and other payables		1,059,901	-	
Interest-bearing loans	-	1,625,000	-	
Total Financial Liabilities	-	3,328,961	-	

Oamaru Licensing Trust
Notes to the Financial Statements
For the Year Ended 31 March 2021

	2021	2020
	\$	\$
23 Income Tax		
Components of tax expense		
Current tax expense	-	-
Adjustments to current tax in prior years	-	-
Deferred tax expense	-	280,000
Tax expense	<u>-</u>	<u>280,000</u>
Relationship between tax expense and accounting profit		
Net surplus before tax	(363,168)	(183,170)
Tax at 28%	(101,687)	(51,288)
Plus (less) tax effect of:		
Non-deductible expenditure	-	-
Imputation credit adjustment	8,785	7,853
Buildings post 21 May 2010	-	-
Non-taxable income	-	-
Prior year adjustment	-	-
Losses Recognised	-	-
Deferred tax adjustment	92,900	323,430
Tax expense	<u>-</u>	<u>280,000</u>

Deferred tax asset (liability)

	Property, plant and equipment	Employee entitlements	Other provisions	Tax losses	Total
	\$	\$	\$	\$	\$
Balance at 31 March 2019	(784,410)	24,914	4,200	1,035,296	280,000
Charged to surplus or deficit	784,410	(24,914)	(4,200)	(1,035,296)	-
Charged to other comprehensive income	-	-	-	-	-
Balance at 31 March 2020	-	-	-	-	-
Charged to surplus or deficit	-	-	-	-	-
Charged to other comprehensive income	-	-	-	-	-
Balance at 31 March 2021	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Deferred income tax assets are recognised for tax loss carry-forwards or temporary tax differences to the extent that the realisation of the related tax benefit through future taxable profits is probable. A deferred tax asset has not been recognised in relation to tax losses of \$6,295,562 (2020:\$6,040,207) and temporary differences of \$1,216,412 (2020:\$1,176,392)