

**Masterton Community Trust  
Financial statements  
for the year ended 31 March 2017**

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**Masterton Community Trust**  
**Income statement**  
**For the year ended 31 March 2017**

**Income statement**

**FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	Group 2017 \$	Group 2016 \$
<b>Continuing operations</b>			
Revenue	5	25,046,261	26,440,405
Less cost of sales		<u>3,642,916</u>	<u>4,928,816</u>
Gross profit		<u>21,403,345</u>	<u>21,511,589</u>
Operating expenses	7	14,408,279	16,427,703
Results from operating activities		6,995,066	5,083,886
Finance costs		1,062,523	1,270,594
Finance income		<u>8,376</u>	<u>25,111</u>
Net finance costs		1,054,147	1,245,483
<b>Net operating profit</b>		<b>5,940,919</b>	<b>3,838,403</b>
Non operating items	6	2,984,278	2,313,108
Discontinued operation items	30	<u>614,614</u>	<u>245,137</u>
<b>Net profit before charitable donations</b>		<b><u>9,539,811</u></b>	<b><u>6,396,648</u></b>
Income tax expense	29	-	-
Charitable donations	28	<u>(3,482,295)</u>	<u>(3,719,383)</u>
<b>Net profit for year</b>		<b><u>6,057,516</u></b>	<b><u>2,677,265</u></b>
Attributable to:			
Owners of Masterton Community Trust		<b>5,709,924</b>	2,536,242
Minority interest		<u>347,592</u>	<u>141,023</u>
		<b><u>6,057,516</u></b>	<b><u>2,677,265</u></b>

*The accompanying notes and accounting policies form part of, and should be read in conjunction with, these financial statements*

**Masterton Community Trust**  
**Statement of comprehensive income**  
**For the year ended 31 March 2017**

**Statement of Comprehensive Income**

**FOR THE YEAR ENDED 31 MARCH 2017**

	<b>Group 2017 \$</b>	<b>Group 2016 \$</b>
Net profit / (loss)	6,057,516	2,677,265
<b>Other comprehensive income:</b>		
Land & building revaluation	<u>103,294</u>	<u>-</u>
<b>Total other comprehensive income / (expense)</b>	<b><u>103,294</u></b>	<b><u>-</u></b>
<b>Total comprehensive income / (expense)</b>	<b><u>6,160,810</u></b>	<b><u>2,677,265</u></b>
<b>Total comprehensive income / (expense)</b>		
Owners of Masterton Community Trust	<b>5,807,291</b>	2,536,242
Minority interest	<b><u>353,519</u></b>	<u>141,023</u>
	<b><u>6,160,810</u></b>	<b><u>2,677,265</u></b>

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**Statement of Changes in Equity**  
**FOR THE YEAR ENDED 31 MARCH 2017**

<b>Group</b>	<b>2017</b> <b>\$</b>
Equity at the start of the year	53,614,768
Total comprehensive income / (expense)	6,160,810
Attributable to:	
Masterton Community Trust	5,807,291
Minority interests	<u>353,519</u>
	6,160,810
<b>Equity at the end of the year</b>	<b><u>59,775,578</u></b>
<b>Group</b>	<b>2016</b> <b>\$</b>
<b>Equity at the start of the year</b>	50,937,503
Total comprehensive income / (expense)	2,677,265
Attributable to:	
Masterton Community Trust	2,536,242
Minority interests	<u>141,023</u>
	2,677,265
<b>Equity at the end of the year</b>	<b><u>53,614,768</u></b>

*The accompanying notes and accounting policies form part of, and should be read in conjunction with, these financial statements*

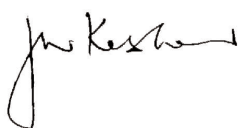
## Statement of Financial Position

AS AT 31 MARCH 2017

	Notes	Group 2017 \$	Group 2016 \$
<b>Current assets</b>			
Cash and cash equivalents	8	1,498,095	1,210,063
Trade and other receivables	9	1,306,033	734,522
Prepayments		325,639	333,727
Inventories	10	370,245	1,098,174
Investment properties held for sale		-	692,000
Other investments	11	53,005	53,005
Assets held for sale	30	<u>399,479</u>	<u>458,800</u>
<b>Total current assets</b>		<b><u>3,952,496</u></b>	<b><u>4,580,291</u></b>
<b>Non-current assets</b>			
Other investments	11	742,706	135,296
Investment properties	12	61,341,228	58,307,000
Property, plant and equipment	13	17,926,321	16,470,787
Intangible assets	14	<u>967,040</u>	<u>694,369</u>
<b>Total non-current assets</b>		<b><u>80,977,295</u></b>	<b><u>75,607,452</u></b>
<b>Total assets</b>		<b><u>84,929,791</u></b>	<b><u>80,187,743</u></b>
<b>Current liabilities</b>			
Trade and other payables	15	3,024,030	2,435,256
Employee entitlements	16	715,318	795,148
Borrowings	17	166,000	472,102
Charitable donations allocated		<u>804,685</u>	<u>1,258,834</u>
<b>Total current liabilities</b>		<b><u>4,710,033</u></b>	<b><u>4,961,340</u></b>
<b>Non-current liabilities</b>			
Employee entitlements	16	80,382	112,539
Borrowings	17	20,254,584	21,420,583
Provisions	24	<u>109,214</u>	<u>78,513</u>
<b>Total non-current liabilities</b>		<b><u>20,444,180</u></b>	<b><u>21,611,635</u></b>
<b>Equity</b>			
Retained earnings	18	56,248,176	50,399,466
Asset revaluation reserve	18	97,367	138,786
Non-controlling interest		<u>3,430,035</u>	<u>3,076,516</u>
<b>Total equity</b>		<b><u>59,775,578</u></b>	<b><u>53,614,768</u></b>
<b>Total liabilities &amp; equity</b>		<b><u>84,929,791</u></b>	<b><u>80,187,743</u></b>

Signed on behalf of Masterton Community Trust

CHAIR



TRUSTEE



*The accompanying notes and accounting policies form part of, and should be read in conjunction with, these financial statements*

**Masterton Community Trust**  
**Statement of cash flows**  
**For the year ended 31 March 2017**

**Statement of Cash Flows**

**FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	Group 2017 \$	Group 2016 \$
<b>Cash flows from operating activities</b>			
Cash was provided from:			
Receipts from customers		35,288,737	36,496,001
Interest received		<u>25,027</u>	<u>25,111</u>
		35,313,764	36,521,112
Cash was applied to:			
Payments to suppliers and employees		29,082,296	29,605,679
Charitable donations		3,936,444	3,798,469
Interest paid		<u>1,062,504</u>	<u>1,271,917</u>
		<u>(34,081,244)</u>	<u>(34,676,065)</u>
<b>Net cash flows from operating activities</b>	22	<b><u>1,232,520</u></b>	<b><u>1,845,047</u></b>
<b>Cash flows from investing activities</b>			
Cash was provided from:			
Sale of plant, property and equipment		440,385	286,159
Sale of intangibles		1,671	-
Sale of business		3,433,435	446,543
Cash acquired as part of business acquisition		33,904	15,356
Sale of investment property		<u>1,648,810</u>	<u>88,313</u>
		5,558,205	836,371
Cash was applied to:			
Purchase of plant, property and equipment		1,186,934	1,876,370
Purchase of intangible assets		139,612	8,000
Acquisition of business	30	2,879,787	215,356
Cash sold with business		309	15,044
Upgrading of investment property		<u>823,950</u>	<u>472,305</u>
		<u>(5,030,592)</u>	<u>(2,587,075)</u>
<b>Net cash flows from investing activities</b>		<b><u>527,613</u></b>	<b><u>(1,750,704)</u></b>
<b>Cash flows from financing activities</b>			
Cash was provided from:			
Proceeds from borrowings		-	<u>350,000</u>
		-	350,000
Cash was applied to:			
Repayment of borrowings		<u>1,190,999</u>	<u>399,667</u>
		<u>(1,190,999)</u>	<u>(399,667)</u>
<b>Net cash flows from financing activities</b>		<b><u>(1,190,999)</u></b>	<b><u>(49,667)</u></b>
Net (decrease) / increase in cash held		569,134	44,676
Opening cash balance		<u>928,961</u>	<u>884,285</u>
<b>Closing cash balance</b>	8	<b><u>1,498,095</u></b>	<b><u>928,961</u></b>
Closing cash is made up of			
Cash and cash equivalents		<u>1,498,095</u>	<u>928,961</u>
		<b><u>1,498,095</u></b>	<b><u>928,961</u></b>

*The accompanying notes and accounting policies form part of, and should be read in conjunction with, these financial statements*

## **Notes to the Financial Statements**

### **1 REPORTING ENTITY**

These financial statements have been prepared in accordance with the Sale and Supply of Alcohol Act 2012. The consolidated financial statements of Masterton Community Trust as at and for the year ended 31 March 2017 comprise of Masterton Community Trust, Masterton Licensing (Charitable) Trust, Trust House Limited (94.3% owned), Trust House Foundation (a controlled entity) and Tararua Foundation (a controlled entity). Tararua Foundation was wound up on 27 March 2017. Masterton Licensing (Charitable) Trust was wound up on 6 April 2016.

The Masterton Community Trust is a community trust established in accordance with the Sale of Supply of Alcohol Act 2012 and through its subsidiary Trust House Limited is primarily involved in the hospitality industry running a number of bars, restaurants, bottle stores a hotel and a large rental housing portfolio.

The Masterton Licensing Trust was changed to Masterton Community Trust by an order in council, under the provisions of the Sale and Supply of Alcohol Act, on 9th May 2016.

### **2 BASIS OF PREPARATION**

#### **(a) Statement of compliance**

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

The financial statements were approved by the Board of Trustees on 14 August 2017.

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

Under the Accounting Standards Framework, the Trust has determined that it is a 'tier one' entity, as the Trust has expenses over \$30 million.

Masterton Community Trust is a Trust incorporated and domiciled in New Zealand, registered under the Sale and Supply of Alcohol Act 2012. The Trusts registered office is 4 Queen Street, Masterton 5840, New Zealand.

Accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **(b) Measurement base**

The financial statements have been prepared on the historical cost basis except for the following:

- investment property is measured at fair value
- land and buildings are measured at fair value

The methods used to measure fair values are discussed further in note 4.

#### **Functional and presentation currency**

These financial statements are presented in New Zealand dollars, which is the Groups functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

#### **(c) Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 12 — valuation of investment property
- Note 13 — useful lives of property, plant and equipment
- Note 13 — valuation of property, plant and equipment
- Note 14 — goodwill impairment



### **3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities

#### **Basis of consolidation**

The consolidated financial statements comprise the financial statements of Masterton Community Trust and its subsidiaries as at 31 March each year ('the Group')

The Group financial statements consolidate the financial statement of subsidiaries.

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue and expenses of entities in the Group on a line by line basis.

#### **Subsidiaries**

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### **Transactions eliminated on consolidation**

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

#### **Financial instruments**

The Group has the following financial instruments:

Financial assets: Loans and receivables: cash and cash equivalents, trade and other receivables.

Financial liabilities: Financial liabilities at amortised cost: Trade and other payables and borrowings.

Financial instruments are measured as described below.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, call deposits and term deposits with a duration of less than three months. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

#### **Trade and other receivables**

Trade and other receivables are stated at their amortised cost less impairment losses.

#### **Borrowings**

Borrowings are classified as current unless there is an unconditional right to defer settlement for at least 12 months after the balance date.

Long term debt is recognised initially at fair value, net of transaction costs incurred.

#### **Trade and other payables**

Trade and other payables are stated at amortised cost.

#### **Property, plant and equipment**

##### **Recognition and measurement**

Land and buildings are revalued every three years to their fair value as determined by an independent registered valuer by reference to their highest and best use. Additions between revaluations are recorded at cost.

### 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

The valuation results of land and buildings are credited or debited to an asset revaluation reserve for that individual asset. Where a revaluation results in a debit balance in there valuation reserve, the debit balance will be expensed in the Income Statement. Any subsequent increase that reverses a decrease recognised in the Income Statement will be recognised first in the Income Statement up to the amount previously expensed.

Furniture, plant and equipment, hydro assets, motor vehicles and gaming machines are initially recorded at cost, and depreciated.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

#### Depreciation

Depreciation is calculated on a diminishing value basis on all plant, property and equipment except gaming machines which are calculated on a straight line basis (other than freehold land and items under construction, which are not depreciated), at a rate which will write off the cost (or valuation) of the assets to their estimated residual value over their useful lives.

The depreciation rates for property, plant and equipment are as follows:

Land & Buildings - structure	3%-33.3%
Land & Buildings - services and fit out	6.5%
Furniture & Plant - general	6.67-25%
Furniture & Plant - gaming machines and counters	25-100%
Motor Vehicles	20%
Hydro Assets - electrical reticulation	10%
Hydro Assets - computerised load control equipment	25%

When the components of an item of property, plant and equipment have different useful lives or provide benefits to the entity in different patterns, thus requiring different depreciation rates and methods, the cost of the item is allocated to its component and each component is accounted for separately.

#### Intangible assets

Intangible assets comprise of software acquired by the Group and goodwill on acquired businesses. Intangible assets acquired by the Group which have finite lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Software is amortised at a rate of 15-25% per year on a straight line basis.

Goodwill represents the excess of the cost of an acquisition over the fair value of Trust House Limited's share of the identifiable assets, liabilities and contingent liabilities of the acquired business at the acquisition date.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Where goodwill is allocated to a leased property the goodwill is amortised over the remaining life of the lease. An impairment loss recognised for goodwill is not reversed in any subsequent period.

#### Investment property

Property is classified as investment property when the primary income stream from the asset is rental income.

Investment property is initially recorded at cost. After initial recognition it is measured at fair value at each balance date.

With the introduction of IFRS 13 Fair value measurement, the Groups policy is to value at fair value considering highest and best use on an individual property basis.

Any increase or decrease in fair value is recognised in the Income Statement. Investment property is not depreciated.

#### Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the income statement.

### **3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Impairment of receivables**

All individual receivables which are considered to be significant are evaluated on a case by case basis. For trade receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on numbers of days overdue, and taking into account the historical loss experience in portfolios with a similar amount of days overdue.

#### **Leases**

##### **Finance leases**

Leases which effectively transfer substantially all the risks and benefits incidental to the ownership of the leased item to the Trust and Group are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and the corresponding lease liabilities are recognised in the Statement of Financial Position. The leased assets are depreciated over its useful life. If there is no certainty as to whether the Trust and Group will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

##### **Operating leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense in the Income Statement on a straight line basis over the lease term.

#### **Inventories**

Inventories are valued at the lower of cost, on a weighted average basis, and net realisable value.

#### **Employee entitlements**

Provision is made in respect of the Group's liability for annual leave, long service leave, and retirement gratuities.

Annual leave and other entitlements that are expected to be settled within 12 months of the reporting date are measured at nominal values on an actual entitlement basis at a current rate of pay.

Entitlements that are payable beyond 12 months, such as long service leave and retirement gratuities, have been calculated on an actuarial basis on the present value of the expected future entitlements.

A provision for sick leave is recognised where employees have over the past two years taken more sick leave than their yearly allowance and still have accrued sick leave entitlements at year end. The provision is calculated as the number of excess sick leave days over the employees entitlement expected to be taken in the next 12 months times the employees' daily rate.

A provision is recognised for the amount expected to be paid under short-term cash bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### **Revenue**

##### **(1) Goods sold / sales**

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

##### **(2) Services**

The Group acts as a management company for a number of entities. Revenue for management fees is recognised in accordance with the fees agreed in those contracts.

### **3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(3) Rental income**

Rental income from investment property is recognised in the Income Statement as it becomes due.

#### **(4) Gaming machine income**

Revenue from gaming operations is measured at the fair value of the consideration received or receivable. Revenue is recognised when recovery of the consideration is probable.

#### **Investments**

Investments in Foodstuffs deferred rebates are initially recognised at fair value by present valuing the future cash flows to be received under the rebate. They are subsequently measured at amortised cost.

Investment in Foodstuffs shares and rebates are accounted for at cost as the fair value of the rebates and shares cannot be reliably measured.

#### **Borrowings**

Long term debt is recognized initially at fair value, net of transaction costs incurred.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### **Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred. Interest on qualifying assets is capitalised to the asset.

#### **Tax**

The Masterton Community Trust is subject to Income tax. Trust House Limited is exempt from Income Tax as it is a registered charity. The Trust House Foundation is exempt from Income Tax as a Class IV gaming operator.

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have become enacted or substantively enacted by balance date.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

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

The measurement of deferred tax reflects the tax consequences that would flow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

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

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

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Trust can control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax and deferred tax is charged or credited to the statement of financial performance, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

### **3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Goods and Services Tax**

These accounts are prepared on a GST exclusive basis with the exception of trade and other receivables and trade and other payables, which are stated on a GST inclusive basis. Where GST is irrecoverable as an input tax, then it is recognised as part of the related asset or expense.

The amount of GST owing to or from the Inland Revenue Department at balance date, being the difference between output GST and input GST, is included in Trade and other receivables or Trade and other payables (as appropriate). The net GST paid or received from the IRD including the GST relating to investing and financial activities, is classified as an operating cash flow in the Cash Flow Statement.

#### **Charitable donations**

Charitable donations are recognised when approval is given.

#### **Held for sale assets**

Non-current assets are reclassified as current assets held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable.

Assets designated as held for sale are held at the lower of carrying amount at designation and fair value less costs to sell.

Depreciation is not charged against property, plant and equipment classified as held for sale.

#### **New standards, amendments and interpretations**

Other than NZ IFRS 9 "Financial Instruments" and NZ IFRS 16 "Leases", there are no new standards, amendments or interpretations that have been issued and effective, or not yet effective, that are expected to have a significant impact on the Group. The Group has yet to assess the full impact of NZ IFRS 9 (effective date: 1 January 2018) and NZ IFRS 16 (effective date: 1 January 2019).

#### **Discontinued operations**

A discontinued operation is a component of the Group, being one whose operations and cash flows are clearly distinguishable from the rest of the Group, that has either been disposed of or held for sale, and which:

- Represents a separate major line of business or geographic area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations, or
- Is a controlled entity acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive revenue and expense is re-presented as if the operation had been discontinued from the start of the comparative year.

### **4 DETERMINATION OF FAIR VALUES**

A number of the Groups accounting policies and disclosures require the determination of fair values for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### **(a) Property plant and equipment**

The fair value of property plant & equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

#### **(b) Investment Property**

An external independent valuer, having appropriate recognised professional qualifications and recent experience in the location and category of assets being valued, values the Groups investment property portfolio every 12 months. The valuations are prepared by considering the individual highest and best use of the properties in the portfolio.

## 5 REVENUE

	<b>Group 2017 \$</b>	<b>Group 2016 \$</b>
Sales	19,480,014	20,873,455
Services	-	188,092
Rentals	5,390,958	5,193,898
Gain on sale of investment property	147,113	-
Gain on sale of business	<u>28,176</u>	<u>184,960</u>
Total revenues	<u>25,046,261</u>	<u>26,440,405</u>

## 6 NON OPERATING ITEMS

		<b>Group 2017 \$</b>	<b>Group 2016 \$</b>
Change in fair value of investment property	12	<u>2,984,278</u>	<u>2,313,108</u>
		<u>2,984,278</u>	<u>2,313,108</u>

## 7 OPERATING EXPENSES

	<b>Group 2017 \$</b>	<b>Group 2016 \$</b>
Administration and financial	1,241,635	1,156,109
Advertising and promotion	1,002,616	850,736
Audit Fees	99,700	104,565
Prospective financial statement review*	4,085	3,965
Bad debts	106,298	5,978
Movement in provision for doubtful debts	(67,983)	41,703
Depreciation	1,143,984	1,357,195
Amortisation	97,278	58,520
Impairment of intangible assets	-	11,925
Impairment of property, plant and equipment	-	70,035
Loss / (gain) on sale of plant and equipment	(117,604)	-
Loss / (gain) on sale of intangible assets	4,440	-
Loss / (gain) on sale of investment properties	-	55,687
Property expenses	3,713,085	3,624,043
Rent and lease expenses	773,282	813,837
Employee costs	6,005,047	5,840,784
Directors and Trustees Fees	272,656	233,748
Gaming Machine Duty and Licenses	2,162,102	2,198,873
Reversal of impairments	<u>(2,032,342)</u>	<u>-</u>
	<u>14,408,279</u>	<u>16,427,703</u>

\* These fees relate to prospective financial accounts for the Trust House Foundation forecast, required by the Department of Internal Affairs.

**8 CASH AND CASH EQUIVALENTS**

	<b>Group 2017 \$</b>	<b>Group 2016 \$</b>
Bank balances	1,292,647	1,032,235
Cash floats	<u>205,448</u>	<u>177,828</u>
Cash and cash equivalents used in the statement of cash flows	<u>1,498,095</u>	<u>1,210,063</u>
	<b>Group 2017 \$</b>	<b>Group 2016 \$</b>
Cash and cash equivalents	1,498,095	1,210,063
Bank overdrafts used for cash management purposes	<u>-</u>	<u>(281,102)</u>
Cash and cash equivalents used in the statement of cash flows	<u>1,498,095</u>	<u>928,961</u>

The carrying value of cash at bank, cash floats and bank overdrafts is equal to fair value.

**9 TRADE AND OTHER RECEIVABLES**

	<b>Group \$</b>	<b>Group \$</b>
Trade receivables	447,663	678,088
Less provision for impairment	<u>(16,710)</u>	<u>(84,693)</u>
	430,953	593,395
Sundry receivables	<u>875,080</u>	<u>141,127</u>
	<u>1,306,033</u>	<u>734,522</u>

<b>Consolidated</b>	
<b>2017</b>	<b>2016</b>
<b>\$</b>	<b>\$</b>

**Aging of trade receivables**

**The status of trade receivables at the reporting date is as follows:**

Not past due	256,495	527,022
1-30 days	66,000	50,522
31-60 days	10,775	13,261
60 days+	<u>114,393</u>	<u>87,283</u>
	<u>447,663</u>	<u>678,088</u>

As of 31 March 2017, trade receivables of \$16,710 (2016: \$84,693) were past due and considered impaired and trade receivables of \$174,458 (2016: \$66,373) were past due but not considered impaired.



**Masterton Community Trust**  
**Notes to the financial statements**  
**For the year ended 31 March 2017**  
(continued)

Movements on the group provision for impairment of receivables are as follows:

	<b>Group 2017</b>	<b>Group 2016</b>
	\$	\$
As at 1 April	84,693	42,989
Additional provisions made during the year	39,782	52,279
Receivables written off during the year	<u>(107,765)</u>	<u>(10,575)</u>
Balance at the end of the year	<u>16,710</u>	<u>84,693</u>

Amounts charged to the provision are generally written off when there is no expectation of recovering additional cash.

The individually impaired receivables relate mainly to customers that are in difficult economic circumstances.

## 10 INVENTORIES

	<b>Group 2017</b>	<b>Group 2016</b>
	\$	\$
Raw materials and consumables	57,987	51,322
Goods available for sale	<u>312,258</u>	<u>1,046,852</u>
	<u>370,245</u>	<u>1,098,174</u>

Inventory comprises goods available for sale and food ingredients.

No inventories are pledged as security for liabilities (2016 \$nil). However, some inventories are subject to retention of title clauses.

## 11 OTHER INVESTMENTS

	<b>Group 2017</b>	<b>Group 2016</b>
	\$	\$
Current investments (at amortised cost)		
Foodstuffs Ltd - deferred rebates	<u>53,005</u>	<u>53,005</u>
	<u>53,005</u>	<u>53,005</u>
Non current investments (at amortised cost)		
Vendor loan	650,000	-
Foodstuffs Ltd - shares & rebates	<u>92,706</u>	<u>135,296</u>
	<u>742,706</u>	<u>135,296</u>
Total investments	<u>795,711</u>	<u>188,301</u>

The vendor loan is for a property disposed during the year. The loan is 6% interest only with capital repayable in 2020.

## 12 INVESTMENT PROPERTY

	<b>Group 2017 \$</b>	<b>Group 2016 \$</b>
Investment property is comprised of		
Residential property	60,081,228	56,542,000
Commercial property	<u>1,260,000</u>	<u>2,457,000</u>
	<u>61,341,228</u>	<u>58,999,000</u>
Classified as:		
Current - available for sale at 31 March	-	692,000
Non Current	<u>61,341,228</u>	<u>58,307,000</u>
	<u>61,341,228</u>	<u>58,999,000</u>

### (a) Residential properties

	<b>Group 2017 \$</b>	<b>Group 2016 \$</b>
Balance at 1 April	56,542,000	54,085,000
Properties sold during the year	(159,000)	(144,000)
Development in progress	81,228	-
Improvements	742,722	472,305
Change in fair value	<u>2,874,278</u>	<u>2,128,695</u>
	<u>60,081,228</u>	<u>56,542,000</u>

Residential investment property comprises 479 (2016: 480) rental houses in the lower North Island. The Group's investment properties are valued annually at fair market value effective 31st March.

The valuation uses level 2 observable inputs in arriving at fair value. These include the ratio of rental income to selling prices of equivalent assets done both on a total portfolio basis and also on a regional basis reflecting different ratios achieved in different areas. Depreciated replacement cost is also used as a supporting method

The valuation was performed by an independent value, J McKeefry BBS (VPM), Dip BS (Fin), MPINZ; Registered Valuer of Telfer Young, Wellington. Telfer Young are an experienced valuer with extensive market knowledge in the types of investment properties owned by the Group.

	<b>Group 2017 \$</b>	<b>Group 2016 \$</b>
Rental income	5,110,041	4,912,937
Expenses from investment property generating income	2,053,877	2,011,510

## 12 INVESTMENT PROPERTY (continued)

### Insurance

Rental properties are insured for full replacement value, with a deductible (excess) of \$5,000 per dwelling.

### Income related rent

Trust House Limited is a registered community housing provider and therefore able to receive income related rent from the Ministry of Social Development for qualifying tenants. The total income related rent received for the year was \$45,879 (2016: \$13,418).

### (b) Commercial property

One of the Groups properties has been designated as an investment property.

	2017 \$	2016 \$
Balance at 1 April	2,457,000	670,000
Transferred from property plant and equipment	-	1,602,587
Sold during the year	(1,307,000)	-
Change in fair value	110,000	184,413
Balance at 31 March	<u>1,260,000</u>	<u>2,457,000</u>
Classified as:		
Current - available for sale at 31 March	-	692,000
Non Current	<u>1,260,000</u>	<u>1,765,000</u>
	<u>1,260,000</u>	<u>2,457,000</u>

The valuation of this property uses level 2 observable inputs in arriving at fair value. These include rental prices per square metre of equivalent assets and capitalisation rates of rental income on sales of equivalent assets.

The fair value of the buildings at 31 March 2017 has been assessed by an independent valuer, J McKeefry BBS (VPM), Dip BS (Fin), MPINZ, Registered Valuer of Telfer Young, Wellington. Telfer Young are an experienced valuer with extensive market knowledge in the types of investment properties owned by the Group.

The Group sold two investment properties during the year and has one property classified as an investment property at year end. The revenue and expenses in the prior year of the table below incorporate trading results for a bottle store sold by the Group in the prior year which traded from the investment property.

	Group 2017 \$	Group 2016 \$
Rental income	271,701	264,799
Revenue	147	2,086,560
Tenant recharges	34,985	102,056
Expenses from investment property generating income	133,677	2,245,213

### 13 PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings \$	Furniture and plant \$	Hydro assets \$	Motor vehicles \$	Construction in progress \$	Total \$
<b>Cost or deemed cost</b>						
Balance at 1 April 2015	17,163,326	8,509,573	792,199	230,787	86,275	26,782,160
Additions	752,579	959,873	168,382	7,165	(86,275)	1,801,724
Disposals	(225,376)	(441,827)	-	(54,978)	-	(722,181)
Reclassified as available for sale	(520,000)	(96,334)	-	-	-	(616,334)
Reclassified as investment property	(1,718,050)	-	-	-	-	(1,718,050)
Balance at 31 March 2016	<u>15,452,479</u>	<u>8,931,285</u>	<u>960,581</u>	<u>182,974</u>	<u>-</u>	<u>25,527,319</u>
Balance at 1 April 2016	15,452,479	8,931,285	960,581	182,974	-	25,527,319
Acquisitions	2,155,000	106,185	-	-	-	2,261,185
Additions	90,041	1,032,608	6,542	8,696	189,386	1,327,273
Disposals	(3,260,257)	(2,049,718)	-	(19,981)	-	(5,329,956)
Reclassified to available for sale	(44,011)	(138,450)	-	(63,614)	-	(246,075)
Revaluation of land and buildings	317,524	-	-	-	-	317,524
Balance at 31 March 2017	<u>14,710,776</u>	<u>7,881,910</u>	<u>967,123</u>	<u>108,075</u>	<u>189,386</u>	<u>23,857,270</u>
<b>Depreciation and impairment losses</b>						
Balance at 1 April 2015	1,927,395	5,646,756	381,163	164,059	-	8,119,373
Depreciation for the year	575,154	853,071	46,981	13,109	-	1,488,315
Disposals	(23,175)	(282,245)	-	(42,774)	-	(348,194)
Reclassified as investment property	(115,463)	-	-	-	-	(115,463)
Reclassified as available for sale	(90,000)	(67,534)	-	-	-	(157,534)
Impairment charge recognised in income statement	68,442	1,593	-	-	-	70,035
Balance at 31 March 2016	<u>2,342,353</u>	<u>6,151,641</u>	<u>428,144</u>	<u>134,394</u>	<u>-</u>	<u>9,056,532</u>
Balance at 1 April 2016	2,342,353	6,151,641	428,144	134,394	-	9,056,532
Depreciation for the year	503,104	713,197	42,562	10,026	-	1,268,889
Disposals	(916,414)	(1,422,148)	-	(15,957)	-	(2,354,519)
Revaluation of land and buildings	(1,818,112)	-	-	-	-	(1,818,112)
Reclassified to available for sale	(40,587)	(130,606)	-	(50,648)	-	(221,841)
Balance at 31 March 2017	<u>70,344</u>	<u>5,312,084</u>	<u>470,706</u>	<u>77,815</u>	<u>-</u>	<u>5,930,949</u>
<b>Carrying amounts</b>						
As at 31 March 2016	<u>13,110,123</u>	<u>2,779,647</u>	<u>532,437</u>	<u>48,580</u>	<u>-</u>	<u>16,470,787</u>
As at 31 March 2017	<u>14,640,432</u>	<u>2,569,826</u>	<u>496,417</u>	<u>30,260</u>	<u>189,386</u>	<u>17,926,321</u>

**Valuation - land and buildings**

At fair value as determined from market based evidence by an independent valuer.

The most recent valuation was performed by J McKeefry BBS (VPM), Dip BS (Fin), MPINZ; Registered Valuer of Telfer-Young Wellington and the valuation is effective as at 31 March 2017.

The valuations were primarily based on the rental capitalisation methodology, depreciated replacement cost is used as a support method.

The total fair value of land and buildings valued by J McKeefry Group and Parent as at 31 March 2017 was \$14,689,000. This figure relates to both parent and group. The valuation uses Level 2 observable inputs in arriving at fair value.

These include rental prices per square metre of equivalent assets and capitalisation rates of rental income on sales of equivalent assets.

**Impairment**

Net impairment losses for the company of \$Nil were recognised in 2016/17 (2015/16 \$70,035).

**Insurance**

The Group is a member of a group insurance collective run by the New Zealand Licensing Trust Association in order to obtain improved coverage and pricing.

The NZLTA collective scheme has insurance cover of \$65 million for fire and \$170 million for material damage and business interruption.

Deductibles for claims are as follows:

Non-natural disaster - \$5000 for each and every claim.

Natural disaster - 5% of site sum insured per site.

**Disposals**

The Group sold two businesses during the year. The assets sold and consideration received are detailed below.

	<b>Group</b> <b>\$</b>
Plant property and equipment	3,098,264
Goodwill	333,552
Inventory	340,187
	3,772,003
Consideration in cash	3,738,105
Deferred consideration	984,577
Total Consideration	4,722,682

**Reclassification to available for sale**

Two of the Group's bottle stores assets were reclassified as available for sale at balance date as they no longer fit the Group's strategy, nor reinvestment criteria. The sale of these assets occurred in the first half of the financial year. No impairments have been recognised on the reclassification to available for sale. See notes 28 & 29 for further details.

**14 INTANGIBLE ASSETS**

<b>Group</b>	<b>Goodwill</b>	<b>Software</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cost</b>			
Balance at 1 April 2015	1,110,390	655,806	1,766,196
Additions	200,000	8,000	208,000
Disposals	<u>-</u>	<u>(40,219)</u>	<u>(40,219)</u>
Balance at 31 March 2016	<u><b>1,310,390</b></u>	<u><b>623,587</b></u>	<u><b>1,933,977</b></u>
Balance at 1 April 2016	1,310,390	623,587	1,933,977
Additions	570,000	139,612	709,612
Disposals	<u>(1,110,390)</u>	<u>(43,478)</u>	<u>(1,153,868)</u>
Balance at 31 March 2017	<u><b>770,000</b></u>	<u><b>719,721</b></u>	<u><b>1,489,721</b></u>
<b>Amortisation and impairment losses</b>			
Balance at 1 April 2015	776,838	428,710	1,205,548
Disposals	-	(24,460)	(24,460)
Amortisation for the year (note 7)	<u>-</u>	<u>58,250</u>	<u>58,250</u>
Balance at 31 March 2016	<u><b>776,838</b></u>	<u><b>462,500</b></u>	<u><b>1,239,338</b></u>
Balance at 1 April 2016	776,838	462,770	1,239,608
Disposals	(776,838)	(37,367)	(814,205)
Amortisation for the year	<u>38,095</u>	<u>59,183</u>	<u>97,278</u>
Balance at 31 March 2017	<u><b>38,095</b></u>	<u><b>484,586</b></u>	<u><b>522,681</b></u>
<b>Carrying amounts</b>			
As at 31 March 2016	533,552	160,817	694,369
As at 31 March 2017	731,905	235,135	967,040

**(i) Description of the cash generating units and other relevant information**

Goodwill acquired through business combinations has been allocated to three cash generating units (CGU's) for impairment testing as follows:

**The Ledge**

The Ledge is a public bar with 18 gaming machines operating in Porirua.

The fair value of consideration for the purchase was \$200,000.

Goodwill was recognised on the 8th June 2015 acquisition due to the profitability The Ledge provides to the Group.

The goodwill is being amortised over the remaining life of the lease on the premises

**Post Office Hotel**

The Post Office Hotel is a Hotel with public bar and 14 gaming machines operating in Pahiatua.

The fair value of consideration for the purchase was \$1,760,000.

Goodwill was recognised on the 20th Feb 2017 acquisition due to the profitability The Post Office Hotel provides to the Group.

The recoverable amount has been determined based on a value in use calculation using cash flow projections based on financial forecasts approved by senior management which covers a five year period. The growth rate of cash generation is assumed to be 2%, the midpoint of the Reserve Banks' inflation target.

The discount rate applied to cash flow projections is 7.0%.

**The Jackson Street Bar**

The Jackson Street Bar is a public bar with 18 gaming machines operating in Masterton.

The fair value of consideration for the purchase was \$1,119,787.

Goodwill was recognised on the 31st March 2017 acquisition due to the profitability The Jackson Streer Bar provides to the Group.

The recoverable amount has been determined based on a value in use calculation using cash flow projections based on financial forecasts approved by senior management which covers a five year period. The growth rate of cash generation is assumed to be 2%, the midpoint of the Reserve Banks' inflation target.

The discount rate applied to cash flow projections is 7.0%.

**(ii) Carrying amount of goodwill allocated to each group of cash generating units**

	<b>2017</b>	<b>Group 2016</b>
	\$	\$
Featherston SuperValue (sold)	-	333,552
The Ledge	161,905	200,000
Post Office Hotel	395,000	-
Jackson Street Bar	175,000	-
Total Goodwill	731,905	533,552

**(iii) Key assumptions used in value in use calculations for cash generating units**

The calculation of value in use for all CGU's is most sensitive to the following assumptions; gross margins, discount rates and growth rates used.

Gross margins are based on the average achieved in the last 12 months.

For the purposes of impairment testing a terminal growth rate has been used for all segments based on long-term industry averages.

**(iv) Sensitivity to changes in assumptions**

With regard to the assessment of the value in use for all CGU's, the company believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed its recoverable amount.

**15 TRADE AND OTHER PAYABLES**

	<b>Group 2017</b>	<b>Group 2016</b>
	\$	\$
Trade creditors	1,325,484	1,253,634
Interest payable	7,539	7,520
Capital payables	151,892	5,368
Accrued expenses	1,443,570	1,078,287
Revenue in advance	<u>95,545</u>	<u>90,447</u>
	<u><b>3,024,030</b></u>	<u><b>2,435,256</b></u>

**16 EMPLOYEE ENTITLEMENTS**

	<b>Group 2017</b>	<b>Group 2016</b>
	\$	\$
<b>Current portion</b>		
Accrued pay	158,047	152,541
Accrued leave	538,758	628,767
Provision for staff long service / retirement benefits	10,894	7,879
Sick pay	<u>7,619</u>	<u>5,961</u>
	<u><b>715,318</b></u>	<u><b>795,148</b></u>
<b>Non current portion</b>		
Provision for long service / retirement benefits	<u>80,382</u>	<u>112,539</u>
	<u><b>80,382</b></u>	<u><b>112,539</b></u>
<b>Total employee entitlements</b>	<u><b>795,700</b></u>	<u><b>907,687</b></u>



## 17 BORROWINGS

	<b>Group 2017</b>	<b>Group 2016</b>
	\$	\$
<b>Current liabilities</b>		
Bank overdrafts	-	281,102
Secured bank loans	101,000	126,000
Other loans	65,000	65,000
	<u>166,000</u>	<u>472,102</u>

This Note provides information about the contractual terms of the Group's interest bearing borrowings. For more information about the Group's exposure to interest rate risk see Note 19.

<b>Non-current liabilities</b>		
Secured bank loans	20,000,000	21,101,000
Other loans	254,584	319,583
	<u>20,254,584</u>	<u>21,420,583</u>

### Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	Nominal interest rate	Year of maturity	Face value 2017	Carrying amount 2017	Face value 2016	Carrying amount 2016
			\$	\$	\$	\$
<b>Group &amp; Parent</b>						
Secured BNZ Bank loans	4.23%-5.64%	2020	20,000,000	20,000,000	21,000,000	21,000,000
Secured ANZ Bank loan	6.55%	2017	101,000	101,000	227,000	227,000
Other loans	0.00%	2020-2024	319,584	319,584	384,583	384,583
Bank overdrafts	8.50%	On demand	-	-	281,102	281,102
Total interest-bearing liabilities			<u>20,420,584</u>	<u>20,420,584</u>	<u>21,892,685</u>	<u>21,892,685</u>

The ANZ National Bank overdrafts are secured with registered first mortgages over land and buildings with a carrying amount of \$6,648,000 (2016: \$7,075,317). The ANZ National Bank also has a general charge over the Group's assets. The BNZ loans are secured by first charge mortgages over the residential housing portfolio. A secondary security is also held over the rental income stream from the housing portfolio.

## 18 CAPITAL AND RESERVES

Group	Revaluation reserve \$	Retained earnings \$	Total equity \$
Balance at 1 April 2015	144,056	48,464,766	48,608,822
Total comprehensive income / (expense)	-	2,536,242	2,536,242
Transfer to minority interests to reflect lower shareholding	<u>(5,270)</u>	<u>(601,542)</u>	<u>(606,812)</u>
Balance at 31 March 2016	<u>138,786</u>	<u>50,399,466</u>	<u>50,538,252</u>
Balance at 1 April 2016	138,786	50,399,466	50,538,252
Total comprehensive income / (expense)	97,367	5,709,924	5,807,291
Asset revaluation realised on sale of business	<u>(138,786)</u>	<u>138,786</u>	<u>-</u>
Balance at 31 March 2017	<u>97,367</u>	<u>56,248,176</u>	<u>56,345,543</u>
<b>Minority Interest</b>			
	Revaluation reserve \$	Retained earnings \$	Total equity \$
<b>2016</b>			
<b>Current</b>			
At 1 April 2015	3,179	2,325,502	2,328,681
Total comprehensive income / (expense)	-	141,023	141,023
Transfer from Group to reflect higher shareholding	<u>5,270</u>	<u>601,542</u>	<u>606,812</u>
At 31 March 2016	<u>8,449</u>	<u>3,068,067</u>	<u>3,076,516</u>
<b>2017</b>			
<b>Current</b>			
At 1 April 2016	8,449	3,068,067	3,076,516
Total comprehensive income / (expense)	5,927	347,592	353,519
Asset revaluation realised on sale of business	<u>(8,449)</u>	<u>8,449</u>	<u>-</u>
At 31 March 2017	<u>5,927</u>	<u>3,424,108</u>	<u>3,430,035</u>

## 19 FINANCIAL INSTRUMENTS

Exposure to credit interest rate and liquidity risk arises in the normal course of the Group's business.

### Credit risk

Management has a process in place under which each new customer seeking credit with the Group is individually analysed for its worthiness and assigned a purchase limit before credit is offered.

The Group does not require collateral in respect of trade and other receivables, except in relation to rental properties where bonds are required and lodged with the tenancy tribunal.

The Group's exposure to credit risk is mainly influenced by its customer base, as such it is concentrated to the default risk of its industry. No single customer balance would be considered material.

Investments are allowed only in call or short term deposits with specified counterparties.

### Credit quality of financial assets

Cash and cash equivalents are held with the ANZ National Bank which currently has a Standard and Poor's credit rating of AA. Trade and other receivables are all with counterparties without credit ratings with no history of default with the Group in the past.

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity requirements on an ongoing basis. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

	<b>Group 2017</b>	<b>Group 2016</b>
	\$	\$
Overdrafts and credit lines in place	2,000,000	2,000,000

### Interest rate risk

The Group regularly reviews the balance between its fixed rate and floating rate borrowings. The Group has flexibility within its borrowing facilities to move between fixed and floating rates as required.

### Other market price risk

The Group is not exposed any other substantial market price risk arising from financial instruments.

### Quantitative disclosures

#### Credit risk

The carrying amount of financial assets represents the Group's maximum credit exposure.

**(a) Liquidity risk**

The following table sets out the contractual cash flows for all financial liabilities

<b>Group 2017</b>	<b>12 months or less</b>	<b>1-2 years</b>	<b>2-5years</b>	<b>More than 5 years</b>	<b>Contractual cash flows</b>	<b>Carrying Amount</b>
Secured bank loans	1,030,311	926,500	21,081,340	-	23,038,151	20,101,000
Other loans	65,000	65,000	125,000	64,584	319,584	319,584
Trade and other payables	<u>3,024,030</u>	-	-	-	<u>3,024,030</u>	<u>3,024,030</u>
Total liabilities	<u>4,119,341</u>	<u>991,500</u>	<u>21,206,340</u>	<u>64,584</u>	<u>26,381,765</u>	<u>23,444,614</u>

**Group 2016**

Secured bank loans	1,171,347	1,137,405	23,238,855	-	25,547,607	21,227,000
Other loans	65,000	65,000	165,000	89,583	384,583	384,583
Trade and other payables	2,435,256	-	-	-	2,435,256	2,435,256
Bank overdraft	<u>281,102</u>	-	-	-	<u>281,102</u>	<u>281,102</u>
Total liabilities	<u>3,952,705</u>	<u>1,202,405</u>	<u>23,403,855</u>	<u>89,583</u>	<u>28,648,548</u>	<u>24,327,941</u>

**(b) Sensitivity analysis**

**Interest rate risk**

The effect of a +100bps increase in interest rates applicable to the floating rate financial instruments held by the Group is a reduction in profit of \$90,810 (2016:\$54,759).

**(c) Classification and fair values**

<b>Group</b>	<b>Loans and receivables \$</b>	<b>Total carrying value and fair value \$</b>
<b>2017</b>		
<b>Assets</b>		
Investments	795,711	795,711
Trade and other receivables	1,306,033	1,306,033
Prepayments	325,639	325,639
Cash and cash equivalents	<u>1,498,095</u>	<u>1,498,095</u>
	<u>3,925,478</u>	<u>3,925,478</u>
<b>2016</b>		
<b>Assets</b>		
Investments	188,301	188,301
Trade and other receivables	734,522	734,522
Prepayments	333,727	333,727
Cash and cash equivalents	<u>1,210,063</u>	<u>1,210,063</u>
	<u>2,466,613</u>	<u>2,466,613</u>
<b>Group</b>		
	<b>At amortised cost \$</b>	<b>Fair value amount \$</b>
<b>2017</b>		
<b>Liabilities</b>		
Trade and other payables	3,024,030	3,024,030
Borrowings	<u>20,420,584</u>	<u>20,420,584</u>
Total liabilities	<u>23,444,614</u>	<u>23,444,614</u>
<b>2016</b>		
<b>Liabilities</b>		
Trade and other payables	2,435,256	2,435,256
Borrowings	<u>21,892,685</u>	<u>21,892,685</u>
Total liabilities	<u>24,327,941</u>	<u>24,327,941</u>

## 20 OPERATING LEASES

### Leases as lessee

Non-cancellable operating leases are payable as follows:

	Group 2017 \$	Group 2016 \$
Less than 1 year	427,369	366,671
Between 1 and 2 years	321,245	343,452
Between 2 and 5 years	389,442	453,561
Over 5 years	-	14,959
Total	<u>1,138,056</u>	<u>1,178,643</u>
Commitments not recognised in the financial statements	<u>1,138,056</u>	<u>1,178,643</u>

### Leases as lessor

	Group 2017 \$	Group 2016 \$
Less than one year	312,775	312,775
Between 1 and 2 years	82,520	303,550
Between 2 and 5 years	-	75,192
Over 5 years	-	-
	<u>395,295</u>	<u>691,517</u>

The Group has number of commercial premises where the trading business has been sold but the freehold or leasehold interest has been retained and the properties leased to the purchaser or third parties.

## 21 COMMITMENTS AND CONTINGENCIES

The Group had capital commitments of \$169,863 at 31 March 2017 (2016; \$Nil). The group had further commitments in relation to a refurbishment of Solway Park rooms on a cost-plus basis. The estimated amount still to be incurred is \$262,000.

The Group had contingent liabilities of \$55,000 as at 31 March 2017 (2016: \$55,000)

The Group has a contingent liability in relation to the lease of the Island Bay Bar. This business was sold in 2015 and Trust House Limited is liable to make lease payments until the end of the lease in November 2029 in the event that the new business owner is unable to pay.

**22 RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	<b>Group 2017</b>	<b>Group 2016</b>
	\$	\$
Net Surplus/(Deficit) for year	6,057,516	2,677,265
Add (less) non-cash items:	-	-
Depreciation	1,268,889	1,488,315
Amortisation of intangibles	97,278	58,520
Revaluation of investment properties	(2,984,278)	(2,313,107)
Provisions	30,701	(7,217)
Fixed assets impairment / (reversal)	(2,032,342)	70,035
Software impairment	-	11,925
(Gain) loss on sale of intangibles	4,440	3,834
(Gain) loss on sale of fixed assets	(104,443)	(55,496)
Gain on sale of businesses	(878,610)	(127,174)
Gain on sale of investment property	(147,113)	55,687
Investments issued in lieu of rebates	<u>42,590</u>	<u>47,871</u>
	(4,702,888)	(766,807)
 Add (less) movements in working capital items:		
(Increase) / decrease in receivables and prepayments	(31,603)	(142,132)
(Increase)/ decrease in inventories	33,380	273,809
Increase / (decrease) in charitable distributions payable	(454,149)	(79,086)
Increase/ (decrease) in employee entitlements	(111,987)	34,151
Increase/ (decrease) in trade and other payables	442,251	(152,153)
	<u>-</u>	<u>-</u>
	<u>(122,108)</u>	<u>(65,411)</u>
 Net cash inflow from operating activities	<u>1,232,520</u>	<u>1,845,047</u>

## 23 RELATED PARTY TRANSACTIONS

### (i) Parent and ultimate controlling party

The ultimate controlling party of the group is the Masterton Community Trust.

### (ii) Transactions with key management personnel

Several of the Directors of Trust House Limited and Trustees of Masterton Community Trust own or run businesses in their own right. A number of these entities transacted with the Group in the period. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

During the year Directors and senior management, as part of a normal customer relationship, were involved in minor transactions with Trust House Limited (such as purchase of meals, liquor or groceries). Directors and senior management are entitled to a 10% discount on non-discounted goods. These buying privileges are available to all employees.

Lucy Griffiths, a Trustee of Masterton Community Trust and Director of Trust House Limited, is the spouse of a major shareholder in Technology Solutions which provides technology services and hardware to Trust House Limited. Technology Solutions has been the preferred supplier of information technology hardware and services to the Trust House Group for at least 20 years, pre-dating Lucy Griffiths election to Masterton Community Trust and appointment to the the Board of Trust House Limited. During the year Trust House Limited paid Technology Solutions \$196,560 (2016: \$121,756). The amount outstanding at year end was \$34,325 (2016: \$10,680). The Group paid \$204,815 (2016: \$124,297) during the year and the amount outstanding at year end was \$34,808 (2016: \$10,680)

Cindy Grant, a senior manager of Trust House Limited, and her spouse jointly own Power Related Services Limited (PRSL) which provides electrical services and storage to the group. During the year Trust House Limited paid PRSL \$2,444 (2016: \$Nil). The amount outstanding at year end was \$Nil (2016: \$Nil). The Group paid \$3,284 (2016: \$Nil) during the year and the amount outstanding at year end was \$Nil (2016: \$Nil)

### (iii) Key management and personnel compensation

	2017	2016
	\$	\$
Salaries and other short term benefits	1,021,112	1,162,122
Post employment benefits	18,265	17,179
Termination benefits	-	7,286
	<u>1,039,377</u>	<u>1,186,587</u>

Key management personnel compensation comprises that of the Directors, Trustees, Chief Executive and other senior managers.

### Employee Remuneration

The following table shows the number of employees whose total remuneration (including benefits) exceeds \$100,000 per annum.

	2017	2016
\$100,000 - \$110,000	-	1
\$110,000 - \$120,000	1	-
\$120,000 - \$130,000	-	1
\$130,000 - \$140,000	-	1
\$140,000 - \$150,000	1	-
\$150,000 - \$160,000	1	-
\$170,000 - \$180,000	-	1
\$180,000 - \$190,000	1	-
\$260,000 - \$270,000	-	1
\$280,000 - \$290,000	1	-
	<u>5</u>	<u>5</u>



**(iv) Other related party transactions**

	2017	2016
	\$	\$
<b>(a) Masterton Community Trust (MCT) - formerly Masterton Licensing Trust</b>		
Shares in Trust House Ltd (number of shares) 10,026,629		
Management fees paid by MCT to Trust House Ltd	-	16,700
Royalty fees paid by Trust House Ltd to MCT	-	113,832
MCT Trustees Fees paid by Trust House Limited	15,720	-
When Masterton Licensing Trust was changed to Masterton Community Trust, to minimise costs, Masterton Community Trust was set up as a non-trading parent. Its minimal expenses are paid by Trust House Limited.		

**(b) Masterton Licencing (Charitable) Trust (MLCT)**

Shares in Trust House Ltd (number of shares)		
Donations paid by Trust House Ltd to MLCT	-	53,350
Management fees paid by MLCT to Trust House Ltd	-	39,100
Trust House Ltd provided goods and services to MLCT on an arms length basis	-	22,016

Masterton Licencing (Charitable) Trust was wound up on 6 April 2016.

**(c) Flaxmere Licencing (Charitable) Trust (FLCT)**

Shares in Trust House Ltd (number of shares) 187999		
Management fees paid by FLCT to Trust House Ltd	-	27,800

**(d) Flaxmere Licencing Trust (FLT)**

Shares in Trust House Ltd (number of shares) 422,372		
Management fees paid by FLT to Trust House Ltd	-	5,600

**(e) Trust House Foundation (THF)**

(i) Trust House Foundation is an independent trust. Three of the Directors of Trust House Limited are also Trustees of Trust House Foundation.

(ii) Gaming machine proceeds are generated in the premises of Trust House Limited, Rimutaka Licencing Trust and other independent operators. Trust House Foundation has established regional net proceeds committees in Masterton, Rimutaka, Flaxmere and Porirua. Regional net proceeds committees consider grant applications from their area and make recommendations to the Trust House Foundation board. The Trust House Foundation board considers these recommendations and may or may not approve them.

**Masterton Community Trust**  
**Notes to the financial statements**  
**For the year ended 31 March 2017**  
(continued)

Details of the funds available and grants approved are:

	2017	2016
	\$	\$
Funds available 1st April	532,229	768,570
Net surplus before charitable distributions	3,470,423	3,500,008
Grants unclaimed	308,996	107,116
Grants approved	<u>(3,727,871)</u>	<u>(3,843,465)</u>
Funds available 31st March	<u>583,777</u>	<u>532,229</u>

For a full list of these grants please refer to the Trust House Foundation accounts. Trust House Limited is responsible for administering Trust House Foundation

Site rentals paid by THF to Trust House Ltd	703,467	566,579
Management Fees paid by THF to trust House Limited	600,000	725,000
THF has paid the following entities for services perform by the entities on behalf of THF:		
Masterton Licencing Charitable Trust	-	46,000
Rimutaka Trust	-	17,250
Flaxmere Licencing Trust	<u>-</u>	<u>34,500</u>
	<u>-</u>	<u>97,750</u>
THF has paid the following grants:		
Masterton Licecnsing Trust	-	23,585
Flaxmere Licencing (Charitable) Trust	<u>-</u>	<u>51,965</u>
	<u>-</u>	<u>75,550</u>

As at 31 March 2017, Trust House Foundation owed Trust House Limited \$24,081. In 2015/2016 Trust House Limited owed Trust House Foundation \$18,887.

**24 PROVISIONS**

	<b>Group 2017 \$</b>	<b>Group 2016 \$</b>
Property reinstatement provisions	<u>109,214</u>	<u>78,513</u>
	<u>109,214</u>	<u>78,513</u>

The group leases a number of premises. A condition of most of the leases is that Trust House Limited must, if required by the landlord at the end of the lease, reinstate the premises to the configuration and condition at the lease inception.

	<b>Property reinstatement provisions \$</b>
<b>2017</b>	
Balance as at 1 April 2016	78,513
Provisions added	<u>30,701</u>
Balance at 31 March 2017	<u>109,214</u>

**Total  
\$**

<b>2016</b>	
<b>Non-current</b>	
Balance at 1 April 2015	85,730
Additional provisions	<u>(7,217)</u>
Balance at 31 March 2016	<u>78,513</u>

## 25 GROUP ENTITIES

### Subsidiaries

Trust House Limited is a subsidiary.

Trust House Foundation and Tararua Foundation are controlled entities. Tararua Foundation was wound up on 27th March 2017.

The Group has applied IFRS 10 Consolidated Financial Statements in preparing these financial accounts.

## 26 CAPITAL MANAGEMENT

The Group's capital includes share capital, reserves and retained earnings.

The Group's policy is to maintain a capital base so as to maintain creditor and community confidence and to sustain future development of the business.

The Group is not subject to any externally imposed capital requirements.

There have been no material changes in the Group's management of capital during the period.

## 27 SUBSEQUENT EVENTS

On the 19th of June the Bottle-O Pahiataua was sold. On the 10th of July Bottle-O Fielding was sold. The total consideration including stock is \$584,000. The Group expect to recognise a one off profit on sale of approximately \$377,000.

## 28 CHARITABLE DISTRIBUTIONS

The following charitable distributions were made by the Group during the year.

The Masterton Community Trust did not make any grants during the year.

<b>Trust House Foundation - (see below for full grants listing)</b>	3,418,875
<b>Trust House Limited:</b>	
Wairarapa Sports Education Trust	12,000
Wellington Free Ambulance	10,000
Te Timatanga Ararau Trust (Iron Maori)	40,416
Lansdowne Primary School	1,004
<b>Group charitable distributions</b>	<b><u>3,482,295</u></b>

### Trust House Foundation grants by region:

#### Grants approved Masterton

Access Radio Wairarapa Charitable Trust	5,000
Age Concern Wairarapa WOOPS Inc	27,500
All Kiwi Sports Club Inc	120,000
Alzheimers Wairarapa Inc	3,000
Anglican Diocese of Wellington	1,000
Aratoi Foundation	15,000
Aratoi Regional Trust	35,000
Arthritis Foundation of NZ Inc	3,500
Arts Culture and Heritage Trust - Toi Wairarapa	8,000
Athletics Masterton Inc	3,000
Athletics Wairarapa Inc	6,000
Autism New Zealand Inc	2,000

**Masterton Community Trust**  
**Notes to the financial statements**  
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Autism Wairarapa Charitable Trust	6,000
Bowls Wairarapa Inc	2,000
Brain Injury Association Central Districts Inc	1,000
Breastfeeding Wairarapa	3,000
Bring It To Colombo Trust	270,000
Bush Rock and Roll Club	500
Camp Quality Wellington/Central Districts	4,500
Capital Zone Basketball Trust	4,000
Carterton Community Courthouse Trust	2,000
Carterton Community Toy Library	1,500
Carterton Film Society	1,200
Carterton Swimming Club Inc	2,000
Castlepoint Fishing Club Inc	859
Central Wairarapa Indoor Bowls Association	10,000
Choirs Aotearoa NZ Trust	3,000
Community Budgeting Trust (Wairarapa) Inc	1,500
ConArt Gallery and Studios Inc	1,200
Dalefield Hockey Club	25,000
Destination Wairarapa Inc	130,000
Deuce Days	2,000
Diabetes NZ Wellington Inc	750
Douglas Park School	1,000
Dress for Success Wellington	2,500
Dressage NZ	2,000
Dressage Wellington	2,000
East Coast Rugby Football Club Inc	1,000
Epilepsy Association of New Zealand	2,000
Fab Lab Masterton Trust	20,000
FAHS - Feilding High School Board of Trustees	1,500
Featherston Bowling Club	3,500
Featherston Camp Memorial Trust	30,000
Featherston Christmas Market Trust	1,220
Featherston Hockey Club Inc	1,000
Featherston Muay Thai Club	1,000
Featherston Toy Library Inc	1,000
Feilding Community Patrol	10,000
Feilding District Rose Society	500
Feilding Industrial Agricultural and Pastoral Assn	1,000
Feilding Playcentre	3,000
Feilding Rugby Football Club Inc	1,000
Friends of St Marys	2,500
Friends of the ANZAC Bridge	3,000
Friends of the Park Inc	4,000
G O Y A N Z Inc	1,000
Gladstone Womens Hockey Club	740
Golden Shears International Shearing Championships Society Inc	40,000
Greytown Bowling Club Inc	1,000
Greytown Early Years Inc	2,000
Greytown Lioness Club	800
Greytown Little Theatre Society	10,000
Greytown Swimming Club	1,500
Henley Mens Shed Inc	3,000
IHC New Zealand Inc	990
Island Bay Enhancement Trust	2,000
Island Bay Softball Club Inc	2,775
Johnston Park Bowls	2,000
Kaibosh Food Rescue	2,000
Kidz Need Dadz	700
King Street Artworks Inc	13,000
Kuranui College Board of Trustees	850
Lansdowne Cricket Club Inc	2,000
Learn and Live Camp Anderson	2,000
Learning and Growing Together Trust	1,000
Lions Club of Greytown Charitable Trust	2,000

**Masterton Community Trust**  
**Notes to the financial statements**  
**For the year ended 31 March 2017**  
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Lions Club of Martinborough Charitable Trust	1,000
Literacy Wairarapa Inc	4,000
Makoura College Board of Trustees	16,700
Makoura Community Early Childhood Centre	1,000
Manawatu Cricket Association Inc	720
Mangatarere Restoration Society	1,500
Marist Rugby Football Club Masterton Inc	3,000
Martinborough Events Trust	3,000
Martinborough Golf Club Inc	3,000
Martinborough Rugby Football Club Inc	1,100
Martinborough Squash Club Inc	3,500
Masterton A & P Association	4,000
Masterton Amateur Theatrical Society Inc (MATS)	15,000
Masterton Association Football Club Inc	1,500
Masterton Axemens Club	2,000
Masterton Bowling Club Inc	2,000
Masterton Community Church	1,000
Masterton Community Toy Library Inc	1,500
Masterton District Brass Band Inc	5,000
Masterton District Council - upgrade Queen Elizabeth park grandstand	60,000
Masterton District Council - Waitangi Day celebrations	2,000
Masterton Eketahuna Pro-am	3,500
Masterton Family Education and Support Centre	1,730
Masterton Foodbank Inc	6,000
Masterton Golf Club	4,000
Masterton Miniature Train Society Inc	900
Masterton Primary School	2,000
Masterton Racing Club Inc	4,000
Masterton Red Star Rugby Club	5,000
Masterton Swimming Club Inc	5,000
Masterton Tennis Centre	5,000
Masterton Young Citizens Club Inc	1,167
Muscular Dystrophy Assn Wellington	1,000
Netball Wairarapa Inc	20,000
New Zealand China Friendship Society Inc - Wairarapa	10,000
New Zealand Deer Stalkers Association Wairarapa Branch	1,200
New Zealand Equestrian Federation Inc - Wairarapa	6,500
New Zealand Hockey Federation Inc	20,000
North Street School	1,000
Oasis Trust	4,000
Oroua Badminton Association Inc	400
Pahiatua On Track Inc	2,000
Parent to Parent Wellington Region	1,500
Parkinsonism Society Wairarapa Division Inc	8,000
Pre Shears Woolhanding Championships	904
Presbyterian Support Central	2,000
Pukaha Mount Bruce Board	40,000
Red Star Cricket Club	2,000
Red Star Sports Association Inc	3,000
Red Star Veterans Table Tennis Club	2,000
Red Star Womens Hockey	800
Riversdale Beach Surf Lifesaving Club Inc	2,500
RMH Auckland Trust	1,600
Rotary Club of Feilding	1,000
Rotary Club of Masterton Charitable Trust	1,000
Royal New Zealand Foundation of the Blind	2,000
Royal New Zealand Plunket Society - Greytown	2,000
Ruahine Kindergarten Association	1,000
SADD Conference	2,000
Saint Lukes Church	5,000
Saint Matthews Parish	2,000
Scout Association of NZ 1st Carterton	2,000
Shear History Trust	500
South End School Board of Trustees	1,500

**Masterton Community Trust**  
**Notes to the financial statements**  
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South Wairarapa District Council	500
SPACE NZ Trust	1,500
Special Olympics New Zealand	1,500
Sport Wellington	5,000
St James Union Parish	476
St John Wairarapa District	5,000
Stopping Violence Services Wairarapa	8,000
Street Youth Ministries Trust Inc	600
Surf Life Saving New Zealand	500
Te Awhina Cameron Community House Inc	15,000
Te Whare Karakia Ministries Charitable Trust	4,000
The Carter Society Inc	20,000
The Family Space Charitable Trust	750
The House of Grace Trust Inc	2,000
The Lighthouse Church Charitable Trust	2,000
The Lions Club of Featherston Charitable Trust	1,000
The Masterton Art Club Inc	750
The Mauriceville/Kopuaranga Fair Assn Inc	750
The New Zealand Sport & Vintage Aviation Society Inc	6,000
The Open Home Foundation	8,000
The Parenting Place - Attitude Division	1,000
The Songbirds	1,000
The Swimming Trust of Wellington	2,500
Tinui School	500
Wainuioru School	1,000
Wairarapa Agricultural & Pastoral Society Inc	4,000
Wairarapa and Southern Hawkes Bay Life Education Trust	12,500
Wairarapa Arts Festival Trust	25,000
Wairarapa Balloon Society Inc	10,000
Wairarapa Bike Festival Charitable Trust	3,000
Wairarapa Bush Rugby Football Union Inc	50,000
Wairarapa Bush Rugby Referees Association Inc	1,000
Wairarapa Car Club Inc	20,000
Wairarapa Citizens Advice Bureau	1,500
Wairarapa College	1,000
Wairarapa Community Centre Inc	3,000
Wairarapa Community Law Centre Inc	4,500
Wairarapa Community Patrols	8,000
Wairarapa Cricket Association Inc	20,000
Wairarapa Diamonds Leisure Marching Team	968
Wairarapa Dressage Group	1,000
Wairarapa Fern & Thistle Pipe Band	1,050
Wairarapa Free Budget Advisory Services	15,150
Wairarapa Hockey Association Inc	5,000
Wairarapa Inter-Collegiate Speech Competition	1,000
Wairarapa Jetsprint Club Inc	2,000
Wairarapa Kennel Association Inc	1,000
Wairarapa Mathematics Association	1,000
Wairarapa Multi Sports Stadium Trust	17,500
Wairarapa Racing Club Inc	5,000
Wairarapa REAP	35,000
Wairarapa Rescue Trust	10,000
Wairarapa Safer Community Trust	5,000
Wairarapa Singers	2,000
Wairarapa Supergrans Trust	1,000
Wairarapa United Football Club Inc	17,000
Wairarapa Women's Centre	2,500
Waiwaste Food Rescue	2,000
Wellington Free Ambulance Service Inc	20,000
Wellington Gliding Club Inc	10,000
Wellington Regional Orchestra Foundation	827
Wellington Volunteer Centre	880
Wellstop Inc	1,000
Westside Playcentre	1,000

**Masterton Community Trust**  
**Notes to the financial statements**  
**For the year ended 31 March 2017**  
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Whaiora Whanui GP Services	2,500
Wharekaka Trust Board Inc	10,000
Wings Over Wairarapa Community Trust	80,000
WOOPS A Daisies Leisure Marching Team	800
Youthline (Wellington) Inc	2,000

<b>Total grants approved Masterton</b>	<b><u>1,715,306</u></b>
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**Grants approved Porirua**

Adventure School	5,000
Age Concern Wellington	2,500
Aotea College	20,620
Aotea Residents Association	1,140
Autism New Zealand Inc	5,000
BabyStart Charitable Trust	2,000
Big Buddy Mentoring Trust	5,000
Birthright Wellington Inc	10,000
Bishop Viard College	11,580
Bonfire Community Trust	5,000
Brandon Intermediate Board of Trustees	5,000
Cancer Society of NZ Wgtn Division Inc	2,500
Cannons Creek School	5,000
Cannons Creek Youth Charitable Trust	3,000
CareVets Charitable Foundation Trust	20,000
Citizens Advice Bureau Porirua Inc	8,000
Corinna School	3,500
Cricket Wellington Inc	10,000
Discovery School Parent Teacher Association	5,000
English Language Partners NZ Trust - Porirua Centre	1,408
Environmental Education for Resource Sustainability Trust	4,000
Festival of the Elements - Porirua Community Arts Council	62,194
First Five Inc	1,900
First Titahi Bay Scout Group	6,000
Focus Trust Inc	356
Friends of Mana Island Inc	20,000
Girl Guiding New Zealand	712
Glenview School	5,000
Greenacres School	3,170
Hampton Hill School	5,000
Hawaiki Nui Tua Rua Waka Ama Club	20,000
He Huarahi Tamariki	3,500
Hoe Tonga Waka Ama Pacifica Association	2,127
Holy Family School	5,000
Ikaroa Ke Te Tonga Maori Netball Inc	3,000
Include A Charity Trust	2,000
Kapi Mana Insteps Leisure Marching Team	2,000
Kapi Mana Netball Centre	20,000
Kapi-Mana Music Festival Charitable Trust	3,000
Kerry Fundraisers	1,300
Kidz Need Dadz Wellington	888
Kiwi Community Assistance Charitable Trust	22,500
Ko Aroha Tuatahi Childcare Centre	2,500
Life Education Trust North Wellington	15,000
Linden School	3,000
Lions Club of Mana Charitable Trust	8,928
Literacy Aotearoa Porirua	3,500
Little Sprouts Charitable Trust	7,000
Louise Perkins Foundation - Sweet Louise	1,000
Mafutaga Tupulaga Tokelau Niu Hila	18,333
Mahinawa Specialist School and Resource	2,460
Mana Amateur Athletic Club	4,682
Mana College	11,279
Mana Kayak Racing Club Inc	7,500



**Masterton Community Trust**  
**Notes to the financial statements**  
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Mana Montessori Preschool Inc	2,500
Mana Parents Centre Inc Total	1,700
Mana Special Needs Childrens Trust	10,000
Maraeroa School	4,598
Marsden Whitby Parents Association Inc	513
Mary Potter Hospice	20,000
Mobility Assistance Dogs Trust	5,000
National Hockey Stadium	20,000
Ngati Toa School	5,000
Ngati Toa Tennis Club Inc	3,000
North City Country Music Club Inc	2,000
North City Cricket Club Inc	10,000
Northern United Rugby Football Club Inc	40,000
NZ Council of Victim Support Groups Porirua	2,500
Pacific Heat Sports Club	1,520
Papakowhai School	5,000
Paremata Plimmerton Softball Club	3,000
Parkinsonism Society Wellington Inc	2,500
Pauatahanui Golf Club Inc	5,000
Pauatahanui Pony Club Inc	4,056
Pauatahanui Preschool Inc	4,326
Pauatahanui School Board of Trustees	2,335
Plimmerton Bowling Club Inc	5,000
Plimmerton Bridge Club	1,000
Plimmerton Residents Association Inc	23,300
Plimmerton School Board of Trustees	5,000
Porirua Basketball Association	10,000
Porirua Budget Service Inc	10,000
Porirua City Aquatics	4,000
Porirua City Band Youth Trust	1,000
Porirua City Classic Touch	5,000
Porirua City Tag	6,000
Porirua City United Softball Club Inc	2,800
Porirua College Board of Trustees	17,660
Porirua East School	3,659
Porirua Foundation Inc	18,000
Porirua Grand Traverse Trust	10,000
Porirua Hospital Chapel	20,000
Porirua Living Without Violence	10,000
Porirua Rowing Club	10,000
Porirua School Board of Trustees	5,000
Porirua Whanau Centre Trust	10,000
Postgate School Board of Trustees	5,000
Pregnancy Help Porirua	5,000
Prison Chaplaincy Service	2,379
Pukerua Bay Community Playgroup	2,475
Pukerua Bay Plunket Toy Library	1,843
Pukerua Bay School	2,730
Rangikura School	5,000
Rebels Boxing Porirua Inc	2,500
Redwood Club	2,000
Redwood School	3,820
Royal Forest & Bird Protection Society of NZ Inc	2,500
Royal New Zealand Foundation of the Blind	2,000
Royal New Zealand Plunket Society - Wellington/Wairarapa	1,600
Russell School	4,510
Sailability Wellington Trust	10,282
Sexual Abuse Prevention Network	2,618
Sri Lanka Association of New Zealand (SLANZ) Inc	500
Sri Lanka Senior Association Inc NZ	1,500
St Francis Xavier School	2,660
St Pius X School	2,322
St Theresa's School Board of Trustees	2,830
St Vincent De Paul Society	5,000

**Masterton Community Trust**  
**Notes to the financial statements**  
**For the year ended 31 March 2017**  
(continued)

SuperGrans Charitable Trust	2,000
Supertonic Inc	500
Tawa Association Football Club Inc	3,000
Tawa Basketball Club Inc	1,000
Tawa College Board of Trustees	19,200
Tawa Intermediate School	5,000
Tawa Linden Playcentre	1,356
Tawa Rugby Football Club Inc	15,000
Tawa School Board of Trustees	5,000
Tawa Squash Club Inc	5,000
Tawa Youth and Families Trust	2,000
Tawaliin Indoor Bowls Club	1,500
Tawa-Lyndhurst Tennis Club	10,000
Te Ara Moana Trust	10,000
Te Kura Maori o Porirua	5,000
Te Whanganui A Tara Maori Squash Assn Inc	10,000
Tennis Central Region Inc	2,000
The Parenting Place	2,000
The YMCA of Greater Wellington Inc	5,000
Titahi Bay Amateur Athletics Club	20,000
Titahi Bay Intermediate School	3,042
Titahi Bay North School	4,840
Titahi Bay School Board of Trustees	5,000
Titahi Golf Club Inc	25,000
Toa Hockey Club	1,500
Toa Netball Club	1,109
Trust Porirua City Brass Inc	5,000
Variety - The Childrens Charity	2,000
Virtuoso Strings Charitable Trust	11,000
VOCAL FX Inc	3,000
Volleyball NZ	5,000
Wellington Free Ambulance Service Inc	20,000
Wellington Museums Trust Inc	2,500
Wellington Paraplegic and Physically Disabled Assn Inc	6,400
Wellington Region ME/CFS Support Group Inc	1,000
Wellington Regional Asthma Society Inc	1,830
Wellington Riding For The Disabled Assn Inc	50,000
Wellington Rugby Football Union Inc	8,000
Wellington Rugby League	8,000
Wellington SPCA Inc	10,000
Wellington Volunteer Centre	6,000
Wesley Wellington Mission Inc	5,000
Western Suburbs Soccer Club	60,000
Whanau Manaaki Kindergartens - Adventure	2,500
Whanau Manaaki Kindergartens - Ascot Park	2,500
Whanau Manaaki Kindergartens - Awatea	1,999
Whanau Manaaki Kindergartens - Brian Webb	2,500
Whanau Manaaki Kindergartens - Discovery	1,600
Whanau Manaaki Kindergartens - Etu Ao	2,500
Whanau Manaaki Kindergartens - Katoa	2,500
Whanau Manaaki Kindergartens - Maraeroa	2,162
Whanau Manaaki Kindergartens - Moira Gallagher	2,500
Whanau Manaaki Kindergartens - Nuanua	2,500
Whanau Manaaki Kindergartens - Papakowhai	2,500
Whanau Manaaki Kindergartens - Paremata	2,500
Whanau Manaaki Kindergartens - Plimmerton	2,500
Whanau Manaaki Kindergartens - Pukerua Bay	2,500
Whanau Manaaki Kindergartens - Tairangi	1,719
Whanau Manaaki Kindergartens - Tawa Central	2,500
Whanau Manaaki Kindergartens - Titahi Bay	2,415
Whanau Manaaki Kindergartens - Toru Fetu	2,500
Whanau Manaaki Kindergartens - Tui Park	2,500
Whanau Manaaki Kindergartens - Waitangirua	2,500
Whare Manaaki Inc	11,017

**Masterton Community Trust**  
**Notes to the financial statements**  
**For the year ended 31 March 2017**  
(continued)

Whare Ora Trust	8,000
Whitby Residents Association Inc	10,000
Whitby Tennis Club	1,965
Whitford Brown Community Trust	9,000
Youth Cultures and Community Trust	4,000
Youth Development Trust Wellington	2,500

<b>Total grants approved Porirua</b>	<b><u>1,276,767</u></b>
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**Grants approved Rimutaka**

Akatarawa Scout Group	1,500
Akatarawa Valley Emergency Response Team	1,200
Arthritis Foundation of NZ (Inc)	1,500
Big Buddy Mentoring Trust	1,000
Hutt Valley Clay Target Club Inc	5,500
Lions Club of Rimutaka Inc	2,164
Mainly Music New Zealand Trust	1,500
Maoribank School Board of Trustees	1,600
NZ Council of Victim Support Groups Upper Hutt	1,000
Plateau School	1,600
Presbyterian Support Central	2,000
Rimutaka Gymsports Inc	9,000
Rimutaka Inline Hockey Club Inc	1,500
Rotary Club of Upper Hutt	11,000
Royal New Zealand Foundation of the Blind	2,000
Royal New Zealand Plunket Society - Upper Hutt Branch	5,000
Scout Association of NZ - Hutt Valley Gang Show	5,000
Seniornet Upper Hutt Inc	1,500
Soul City Church Trust	10,000
Te Marua Golf Club Inc	10,000
The Hutt Valley Singers Inc	360
The Road Forward Trust	2,000
The Upper Hutt Highlanders Inc	3,000
Totara Park Playcentre	1,891
Trentham Boxing Club	1,626
Trentham United Harriers and Walkers Club Inc	5,000
Upper Hutt City of Song Charitable Club	9,801
Upper Hutt Community Youth Trust	1,500
Upper Hutt Musical Theatre Inc	1,100
Upper Hutt Parents Centre Inc	1,800
Upper Hutt Rams Rugby Football Club	5,500
Upper Hutt Smallbore Rifle Club Inc	1,500
Upper Hutt Women's Centre Inc	18,000
Wellington Speedway Society Inc	3,850
Wellington Vintage Machinery Inc	3,470

<b>Total grants approved Rimutaka</b>	<b><u>135,962</u></b>
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**Grants approved Flaxmere**

Age Concern Flaxmere Inc	26,630
Alzheimers Society Hastings Inc	5,785
Anahera O Te Rangi Charitable Trust	2,000
Arthritis Foundation of New Zealand	2,338
Birchleigh Polo	5,560
Birtright (HB) Child and Family Care Trust	3,000
Blue Light Ventures	6,000
Boys To Men Mentoring (NZ)	5,000
Brain Injury Association (HB) Inc	4,000
Breathe Hawke's Bay	1,567
Cranford Hospice (Presbyterian Support East Coast)	25,000
Creative Hastings Inc	7,600

**Masterton Community Trust**  
**Notes to the financial statements**  
**For the year ended 31 March 2017**  
(continued)

Disability Resource Centre (HB) Trust	3,000
DOVE Hawkes Bay	9,566
Family Works Hawkes Bay (Presbyterian Support East Coast)	20,000
Flaxmere Baptist Church Community Trust	4,500
Flaxmere Community Patrol	17,000
Flaxmere Mana Wahine Softball	500
Flaxmere Maori Wardens	8,000
Flaxmere Planning Committee	9,566
Flaxmere Schools Cluster	100,000
Frangee Pangee Committee	3,000
Friends of the Hospital	1,000
Got Drive Community Trust	19,580
Hanley Productions Ltd	2,500
Hastings Artists Group Inc	4,000
Hastings District Council - kitchen for Flaxmere Community Centre	35,000
Hastings District Council - learn to swim program in primary schools	25,000
Hastings District Council - artist residency project Kimi Ora School	7,000
Hastings Foodbank Trust	5,000
Hastings Group Riding for the Disabled	3,000
Hastings West Ross Shield	3,041
Hawkes Bay Agricultural and Pastoral Society	1,500
Hawkes Bay Cricket Association Inc	2,000
Hawke's Bay Multisports Club	2,507
Hawkes Bay Softball Association	6,000
Hawkes Bay Youth Health Trust	8,000
Heretaunga Kindergarten Association Inc Peterhead Kindegarten	4,540
Heretaunga Women's Centre	4,000
Hibernian AFC Inc	10,000
Hikoi Koutou Charitable Trust	9,000
It Takes Time	12,000
Kaisen Charitable Trust	2,000
Kiwi Adventure Trust	20,000
Leg-Up Trust	20,000
Life Education Trust Hawke's Bay	5,000
Ngati Kahungunu Iwi Inc	10,000
NZ Council of Victim Support Groups Hastings	3,000
Ocean Beach Kiwi Surf Life Saving Club Inc	5,850
Omahu Huia Rugby League Club	4,500
Orchestrate Hawkes Bay	3,000
Presbyterian Support East Coast - Family Works Hawkes Bay (FWHB)	9,000
Prima Volta Charitable Trust	8,000
Purena Koa Rehua Youth Services	7,800
RNZPS Hawke's Bay Area Inc	32,000
Royal New Zealand Foundation of the Blind	1,000
Tamatea Rugby League Club Inc	7,502
Te Aranga Marae Trust	12,233
The Hearing Association - Hastings Branch Inc	5,000
The Parenting Place - Attitude Youth Division Total	1,000
Volleyball Hawkes Bay	650
Waiapu Anglican Care - Growing Through Grief HB	621
Weston Sports	2,400
Youth Development Trust Hawkes Bay	5,000
<b>Total grants approved</b>	<b>3,727,871</b>
<b>Reversed / reduced</b>	<b>(308,996)</b>
	<b><u>3,418,875</u></b>

## 29 INCOME TAX

	Consolidated	
	2017	2016
	\$	\$
<b>Components of tax expense</b>		
Current tax	-	-
Prior period adjustments	-	-
Surplus / (deficit) before tax and donations	<b>9,539,811</b>	6,396,648
Charitable donations	<b>(3,482,295)</b>	(3,719,383)
Surplus before tax	<b>6,057,516</b>	2,677,265
Taxation at 28%	<b>1,696,104</b>	749,634
Plus (less) tax effect of:		
Non taxable income	<b>(1,696,104)</b>	753,085
Tax loss utilised	-	(3,451)
Taxation expense	-	-

## 30 DISCONTINUED OPERATIONS

On the 26th of March 2017 the Group sold its Featherston Gateway complex. As a result of a strategic review the Group has also classified its two remaining standalone bottle stores as discontinued operations as they were available for sale at year end. The Group sold these businesses in June and July 2017 by way of a trade sale (see note 28).

### (a) Financial performance and cash flow information

The financial performance and cash flow information presented are for the for the full years ended 31 March 2017 and 31 March 2016.

	Group 2017 \$	Group 2016 \$
<b>Income Statement</b>		
<b>Results of discontinued operations</b>		
Revenue	10,527,745	10,182,012
Interest received	16,651	-
Expenses	<u>10,780,216</u>	<u>9,936,875</u>
Result from operating activities	(235,820)	245,137
Gain on sale of discontinued operation	<u>850,434</u>	-
Profit for the period	<u>614,614</u>	<u>245,137</u>
<b>Statement of cash flows:</b>		
<b>Cash flows from discontinued operations</b>		
Operating cash flows	(110,915)	376,257
Investing cash flows	3,202,495	-
Financing cash flows	-	-
<b>Total cash flows</b>	<u>3,091,580</u>	<u>376,257</u>

### Effect of disposal of Featherston Gateway on the financial position of the group

Property, plant and equipment	2,639,494
Goodwill	333,552
Inventory	<u>334,577</u>
<b>Total</b>	<u>3,307,623</u>

**Masterton Community Trust**  
**Notes to the financial statements**  
**For the year ended 31 March 2017**  
(continued)

**Consideration:**

Consideration received in cash	3,202,427	
Deferred consideration	<u>984,577</u>	
<b>Total consideration</b>		<u><b>4,187,004</b></u>

**Effect of reclassification of Bottle-O Pahiataua and Fielding as available for sale**

Property plant & equipment reclassified to available for sale	24,234	458,800
Inventory reclassified as available for sale	<u>375,245</u>	<u>-</u>
Total assets available for sale	399,479	458,800

The prior year above relates to the Empire Tavern which was sold during the year.