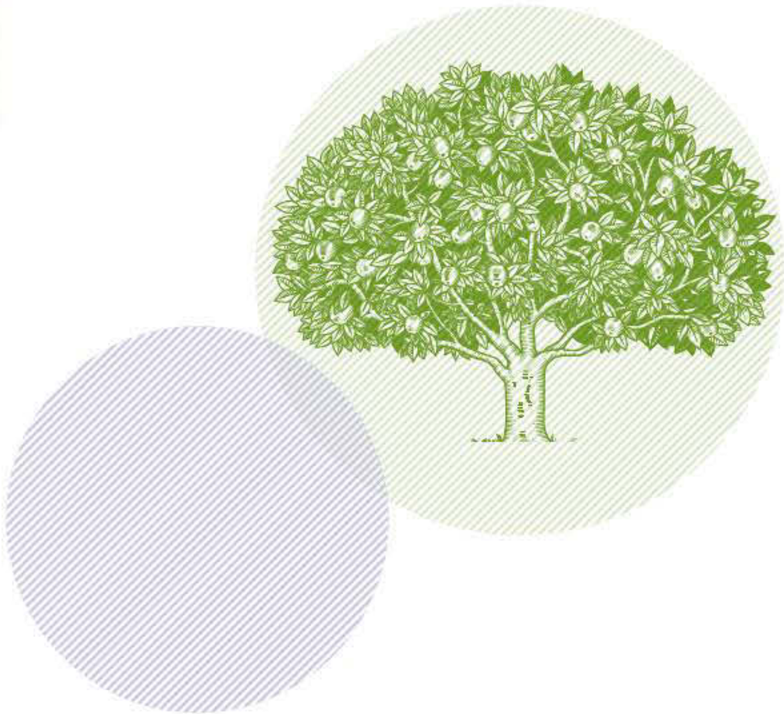
TRUST HOUSE

Annual Report 2015

contents

Management of Mana Community Grants Foundation commences

SuperValue comes to Featherston

Proposal to renew Kourarau generator

Apr 2014

May 2014

Jun 2014

Oct 2014

Nov 2014

Dec 2014

Accreditation as community housing provider

Building donated To MENZ Shed Featherston

The Farriers Bar & Eatery opened

The Farriers Bar & Eatery renovation commenced

Trust House Cycle Classic

Jul 2014

Aug 2014

Sep 2014

Jan 2015

Feb 2015

Mar 2015

Featherston Gateway opened

Craig Thomson appointed as General Manager of Housing & Infrastructure

Trust House Memorial Park – artificial turf project commences

building a
SUSTAINABLE FUTURE

a word from Allan

I am particularly satisfied with what we have achieved within the financial year, especially with the continued national decline in what have for many years been the core trading segments of our organisation.

In particular, the completion of the Featherston Gateway project and Farriers Bar and Eatery both demonstrate a contemporary intent within the organisation to deliver improved business units to our communities.

Housing remains a significant opportunity for the future growth of the organisation and is an area that I am constantly working on to better understand market conditions and how best we can take advantage of the core operational expertise that we have learned over fifteen years.

It was pleasing to note that the Minister of Social Housing was on record as saying that Trust House delivered to our regions a better product than would have been the case if they had remained under the stewardship of Housing NZ. I am sure you will agree that this is a significant endorsement of our achievements.

Hospitality and retail, with taverns and bottle-stores in particular, continue to be areas of great risk. The financial performance of many of these properties is simply unsustainable and we advised our communities of the sale of two business units in Wellington throughout the year. In simple terms the return from the properties from our investment was poor and we made the decision to exit.

No longer can we be beholden to historical ties with business segments or units. Our focus will and must be firmly on our ability to deliver on our core purpose. This states that we must enhance community well-being via the successful operational delivery from business units that will benefit from community ownership. My interpretation of this is that if we see no future viability for a segment or unit that will deliver benefits back to our communities then we, as management, are charged with doing something about it!

Future sustainability has long been and will continue to be a focus of this organisation. We are not there yet, but are in a much stronger position that we were last year. Moving forward with the creation of sustainable profitability is our primary objective; we will achieve this by ensuring we are delivering financial returns from our segments and by future proofing the organisation for generations to come.

I also take this opportunity to pay tribute to the quality of my colleagues on our senior management team and to all the staff at Trust House. Their assistance and support is greatly appreciated in what has been a significant period of change for the organisation. Delivering turnaround strategies for future growth is never an easy task for an organisation but the support and commitment of all to meet these aims has been both impressive and appreciated.

The organisation is fortunate to have an executive team that has both the aptitude and experience which ensures that we remain a dynamic and cohesive organisation, both now and into the future.

I am also grateful for the support of the Board of Directors and for their words of wisdom throughout the year.

It has been a challenging but rewarding year as we all work together to future-proof this organisation so as to ensure that our communities reap the benefits of our commitment for a sustainable and financially secure future for many generations to come.

Allan


We seek to better our communities
We will responsibly offer our products & services
People, customer focus & performance deliver our purpose
Integrity, trust & entrepreneurship are our competitive advantage

TRUST HOUSE
limited

THL Board

DAVID HENRY, LUCY GRIFFITHS, ALLAN POLLARD (CEO), BRIAN BOURKE
JOCK KERSHAW (CHAIR), CRAIG COOPER, DON BASKERVILLE AND RAY SOUTHEY.

THL Senior Managers

ALLAN POLLARD
Chief Executive

THERESA FAWDRAY
Executive Secretary

RICHARD SIMMONDS
General Manager Finance

CRAIG THOMSON
Community Support Manager

PETER RICKMAN
Human Resources Manager

CINDY GRANT
Operations Manager

JERRY CRUMP
General Manager Copthorne

NIKKI BURNS
Marketing Manager

ANDREW WHITEHEAD
Housing Operations Manager

JON KARI
GroupExecutive Chef

Director's Report

PRINCIPAL ACTIVITIES

Trust House Limited is a community enterprise that owns and operates the business units of the Masterton and Flaxmere Licensing Trusts. Management services are provided to the Rimutaka Licensing Trust, the Tararua Foundation and associated charitable trusts. Trust House's shareholding comprises:

Masterton Licensing Trust	75.2%
Flaxmere Licensing Trust	3.2%
Flaxmere Licensing (Charitable) Trust	1.4%
Masterton Licensing (Charitable) Trust	20.2%

The Group owns and operates 17 business units including:

- Licensed premises – hotels, restaurants, bars, cafés and bottle stores
- A supermarket
- A housing estate with 482 homes to rent
- A hydro electricity scheme (Tararua Foundation)

RESULTS FOR THE YEAR

Whilst financial improvements were realised throughout the year trading continues to be difficult in traditional market segment. Cash flows and profits (as detailed in the following table) were sound and the financial position remains strong.

Table 1. Cash flows generated

Year	$
2015	3.482
2014	3.999
2013	3.778
2012	4.965
2011	4.620

CHARITABLE DISTRIBUTION

The charitable distribution for the year was $3.594m and followed the traditional procedures: local elected representatives call for, or initiate, donations or projects in their areas, and then make the initial decisions on the extent of the grant. These recommendations are then approved, or not, by the Trust House Foundation. All the Licensing Trusts have established priorities for their communities and there is a high degree of openness, accountability and consultation.

The various reports in this document record the distribution made to each community.

DIRECTORS OF THE COMPANY AND REMUNERATION

The Directors, and the remuneration paid to them for the year ended 31 March 2015 were:

Directors	Appointed	$
J W Kershaw (Chairman)	2007	28,042
D B Henry (Chair, Audit Committee)	2005	25,000
*M C Cooper	2011 Resigned 2014 (deceased)	11,083
B J Bourke	1989	29,583
D J Baskerville	2011	22,000
R Southey	2013	19,000
L Griffiths	2013	19,000
	Total	153,708

*It is with great sadness that we report the passing of Mr M C Cooper. The Board recognises the service and commitment that he provided as a Senior Manager, Director and Trustee. His skill and enthusiasm are greatly missed with his passing in October 2014.

RELATIONSHIP WITH SHAREHOLDERS

There is an agreement with the shareholders that:

- Business plans will be presented in March each year for the financial year beginning 1 April.
- Reports on key events and trading compared to business plan targets will be presented quarterly.
- Annual accounts will be presented in July.
- Consultation will be undertaken during the annual appointment of two Directors.
- Discussion will occur on all major transactions and, where necessary, shareholder approval received.

There are strong and close links between the various Trusts and Trust House Limited.

AUDITORS

The Office of the Controller and Auditor-General has appointed Audit New Zealand to conduct the audit of Trust House Limited and its associated licensing and charitable trusts. Audit fees paid to Audit New Zealand for the year ended 31 March 2015 were $97,302 for Trust House Group.

AUDIT AND RISK COMMITTEE

The members of the committee are DB Henry (Chairman), BJ Bourke, JW Kershaw and DJ Baskerville. The committee met four times during the year.

USE OF COMPANY INFORMATION

The Board received no notice during the year from Directors requesting to use Company information received in their capacity as Directors which would not have otherwise been available to them.

SHARE DEALING

No Director acquired or disposed of any interest in shares in the Company during the year.

INTEREST IN TRANSACTIONS

No Director is interested in any transaction (as defined by Section 139 of the Companies Act 1993) or proposed transaction with the Company.

CONCLUSION

As we implement change management processes to better meet today's market forces, a clear path is being created that will future proof this organisation for many years. Whilst change can often be a painful process our focus is, and will remain, on the enhancement of community well-being. Overall our financial performance was pleasing in what are extremely difficult trading environments, particularly in our traditional segments. Grant and sponsorship distribution in excess of $3.7m for the year highlight the importance of the organisation to our community and the benefits we return.

Jock Kershaw
CHAIRMAN

Operational Review

Whilst profitability was satisfactory we continue to operate in business segments that are under threat both locally and nationally.

The liquor industry in New Zealand continues to experience market decline due to societal and legislative changes towards alcohol consumption. This impacts negatively with the on-premise markets in which we operate.

Increased competition with new banners and increased outlets further impacts the off-premise markets. These market forces reduce sales, drive down margins and make profitability increasingly difficult to achieve.

The new drink driving laws, annual minimum wage increases, rising insurance costs, and ever increasing operating costs further impact our ability to create acceptable returns from our liquor segments. I do not envisage this changing for the foreseeable future, with many organisations who have traditionally operated in the liquor industry now experiencing hardship.

On the upside social housing continues to perform well with strong occupancy reported in excess of 96%. We are also committed to continual improvement plans that will future proof this important asset. Trust House is also extremely well positioned to take advantage of any growth opportunities should they arise and were the first fully state registered community housing provider in New Zealand.

We were also pleased to finish both the Featherston Gateway and The Farriers Bar and Eatery projects. We are satisfied with their performance since officially opening in February and October respectively.

Gaming income from Trust House Foundation continues to deliver significant benefits back to our communities of interest with over $3.5 million awarded in grants.

The Kourarau Hydro Scheme was purchased by Trust House Limited on 31st March. The B station upgrade will be completed by July 2015 with the station at full capacity thereafter.

Management's continual focus throughout the year has been on future proofing the organisation against the contemporary market forces currently in operation. This has encouraged conceptual thinking outside the square and the development of a lean management approach in how we go to market.

Conceptual thinking will be a primary focus as we head into the 2015 financial year and strive to deliver increased financial benefits back to our communities.

OUR PLACES

We sold the following outlets in the 2014/15 financial year:

- Bull and Bear (gaming retained by Trust House Foundation)
- Island Bay Bar (gaming retained by Trust House Foundation)
- The Bottle-O Island Bay

The Bull and Bear, Island Bay Bar and The Bottle-O Island Bay were sold as our centralised operating model impacted on the ability that we had to deliver appropriate returns on our investment.

NEW OUTLETS

- Featherston Gateway – This outlet operates under the SuperValue banner which is owned by Wholesale Distributors Limited (Progressive Enterprises). This outlet also incorporates Gusto Café, The Bottle-O Featherston and the Featherston Post Shop & Kiwi bank.
- The Farriers Bar and Eatery - This is a new brand to the Group and incorporates what was the Golden Shears Tavern and Horseshoe Restaurant. The Horseshoe site continues to operate as a function centre.

Current segments and business unit:

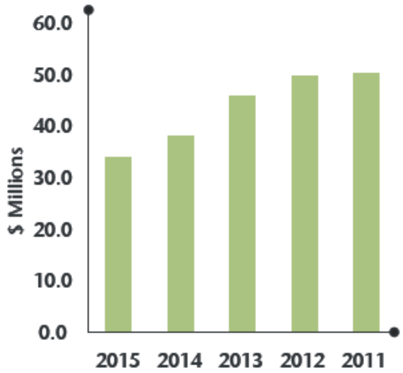
- Apache Jacks Restaurant
- Copthorne Hotel and Resort Solway Park
- Empire Tavern
- Featherston Gateway
- Flaxmere Tavern
- Greytown Hotel (leased May 2015)
- Kourarau Hydro Electric Scheme
- Kuripuni Sports Bar
- Pukemanu Tavern and Restaurant
- Social Housing Portfolio (482 units)
- The Bottle-O Masterton
- The Bottle-O Feilding
- The Bottle-O Pahiatua
- The Bottle-O Martinborough
- The Bottle-O Rimutaka (managed)
- The Farriers Bar & Eatery
- The Rimutaka Tavern (managed)

OUR FINANCIAL AND OPERATING PERFORMANCE

Sales

Year	$m
2015	34.6
2014	39.6
2013	45.5
2012	52.0
2011	53.0

Group sales



The last five years have reported a steady decline in sales, this is due to a reduction in the number of operating outlets. These outlets were sold as they no longer produced appropriate returns on investment and were thus impacting on Group profitability.

PROFITS AND RATIOS

Table 1

	2015 $m	*2014 $m	2013 $m	2012 $m	2011 $m
Net profit before donations	4.800	14.247	0.353	2.651	-2.555

* The major factor for increased net profitability in 2014 was the housing revaluation in accordance with the IFRS 13 accounting standard.

Table 2. Equity (net worth)

Year	$m
2015	50.9
2014	50.0
2013	37.2
2012	39.6
2011	39.8

Table 3. Equity ratio

Year	%
2015	65.1
2014	67.0
2013	59.8
2012	58.8
2011	58.3

Our community support

Giving back to our communities is one of our primary reasons for being. This year we awarded over $3,500,000 in community grants as well as a further $200,000 in local sponsorships. We are privileged to be in a strong position that enables Trust House to enhance community well-being from the businesses in which we operate.

Table 4. Community grants awarded

Year	$M
2015	3.522*
2014	2.716
2013	2.816
2012	2.754
2011	2.887

*The release of funds from the Tararua Foundation was as a result of a stadium project that is no longer viable, was a major factor for the increase in community grants awarded in 2015.

Community grants

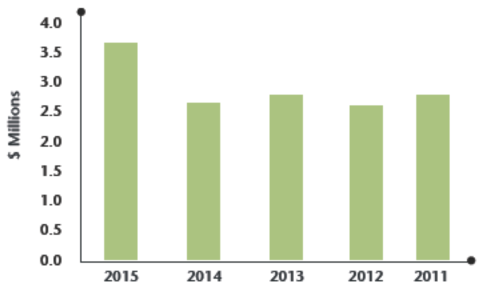


Table 5. Major grant recipients from our regions were;

Recipient	Project	Amount
Wairarapa Bush Rugby Football Union Inc	Assisting with the re-development of Memorial Park	$300,000
Pukaha Mount Bruce Board	Assisting with the development of a walk-through aviary	$250,000
Destination Wairarapa Inc	Assisting with running costs of Destination Wairarapa	$241,920
Netball Wairarapa Inc	Upgrading of facilities at Colombo Road	$200,000
Wairarapa Sports Artificial Surface Trust	Assisting with the replacement of southern sand filled turf at Clareville with a water turf surface	$190,000
Flaxmere Schools cluster	Purchasing of ipads and other devices to help improve access to students	$100,000
Cranford Hospice (Presbyterian support East Coast)	Providing palliative care services for the terminally ill.	$20,000
Tararua Sports Club	Assisting with costs of a full time Director of Coaching and to provide other coaching services to support football in the club and across the Upper Hutt region	$25,000
Expressions Arts & Entertainment centre	Assisting with costs of jazz and blues festival 2015	$20,000

In total the Trust House Foundation awarded 340 individual grants to clubs, associations and community groups in the 2015 financial year.

OUR SAFETY AND SUSTAINABILITY

We have adopted an 'our people and our customers come first' philosophy to health and safety in all Trust House offices and outlets. We outsource the health and safety function to Integrated Business Systems who are specialists in the management of OSH.

Our Board is updated each meeting on health and safety initiatives, processes and programs. We report all incidents of injury to our Board as this enables a transparent review process to occur in consultation with Directors.

We implement recycling initiatives company-wide and are committed to reducing energy consumption whenever possible.

Copthorne Hotel and Resort Solway Park has also been awarded an Enviro Gold standard which requires that initiatives are in place to reduce energy, waste and water consumption.

OUR PEOPLE AND PLACES

At the financial year end we had 250 employees in the work force.

Mr Andrew Whitehead resigned from his position as Housing Operations Manager and was replaced by Mr Craig Thomson ex Community Support Manager. The duties of community support have been split amongst the senior team with savings made to staff costs.

Our commitment to training has been a continual focus throughout the year with $95,000 expensed within a variety of training and development programs.

Funds for training are budgeted for legislative compliance training in areas such as liquor control, food hygiene, GM licenses and harm minimisation. We also focused on core training in areas such as customer service, supervisory training, menu planning, financial literacy and senior management development. Our core training modules are the areas that will assist with growth into the future.

Governance training was also delivered via the Institute of Directors training programs and workshops to Directors.

I also wish to express my sincere gratitude to all staff for their tireless dedication to the Trust House Group and for their unwavering support to the organisation as we continue to implement turnaround strategies. This has included much work place disruption due to outlet redevelopment particularly at Featherston, The Farriers and the Corporate Office.

REINVESTMENT

Featherston Gateway project $2.5 million

The Farriers Bar and Eatery $800,000

Housing $550,000

OUR FOCUS

As a group we will continue to focus on four main areas namely, 'the pillars of our strategic intents'.

1. Creation of sustainable profits

This will be achieved by:

- Improving outlet sales and marketing plans
- Micro management of margins and wages
- Reducing centralised operating costs
- Reducing operational expenses

2. Building brand equity

This will be achieved by:

- Implementation of grant and sponsorship community enhancement and branding strategies
- Rewarding customers for their loyalty
- Regular media releases on Trust House initiatives
- Community engagement survey to assist with brand building

3. Delighting our customers

This will be achieved by:

- Offering our consumer markets superior outlets and properties.
- Market leading social housing maintenance and upgrade programs
- Working with suppliers to offer premium brand promotions at our outlets
- Well trained and informed staff to assist with all customer needs.

4. Being a good employer

This will be achieved by:

- Job specific training programs
- Staff engagement survey to identify areas for company improvement
- Excellence awards evening to celebrate our champions
- Ensuring we operate a safe and health focused working environment

CONCLUSION

As we leap into the new financial year there will be much change occurring in how we go to market and in how we operate. Change is driven by our commitment to further enhance our core purpose of community enhancement.

I am pleased with how the previous and continuing strategic intents have influenced ongoing improvements to the Group and forecast improvements to financial performance and brand equity in the year ahead.

I would like to take this opportunity to express my sincere thanks to all of our customers, Directors, Trustees, staff and suppliers for their support. I look forward to working with you as we continue to focus on the enhancement of our community well-being initiatives.

I further thank our Chairman Mr Jock Kershaw who commenced as Chairman in October 2014 and Mr Brian Bourke who resigned from his Chairmanship in September 2014 but remained as an independent Director and for their support of both myself and management in what was a particularly challenging time.

Allan Pollard

CHIEF EXECUTIVE

financial statements

INCOME STATEMENT

For the year ended 31 March 2015

	Note	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Revenue	5	34,687,154	39,608,704	29,880,081	34,068,021
Less cost of sales		13,795,058	16,709,159	13,795,058	16,709,159
Gross profit		20,892,096	22,899,545	16,085,023	17,358,862
Operating expenses	7	17,396,856	22,651,968	14,687,230	19,881,880
Results from operating activities		3,495,240	247,577	1,397,793	(2,523,018)
Finance income		71,352	69,345	22,250	7,753
Finance costs		1,279,582	1,238,200	1,248,799	1,205,002
Net finance costs		1,208,230	1,168,855	1,226,549	1,197,249
Net operating profit / (loss)		**2,287,010**	**(921,278)**	**171,244**	**(3,720,267)**
Non operating items	6	2,580,715	15,230,646	2,580,715	15,230,646
Net profit / (loss) before charitable donations		**4,867,725**	**14,309,368**	**2,751,959**	**11,510,379**
Charitable donations	23	(3,583,025)	(2,753,101)	(61,445)	(63,000)
Net profit / (loss) for year		**1,284,700**	**11,556,267**	**2,690,514**	**11,447,379**

THE ACCOMPANYING NOTES AND ACCOUNTING POLICIES FORM PART OF, AND SHOULD BE READ IN CONJUNCTION WITH, THESE FINANCIAL STATEMENTS.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Net profit / (loss)	1,284,700	11,556,267	2,690,514	11,447,379
Other comprehensive income				
Land & building revaluation charged to equity	(292,592)	(411,167)	(292,592)	(411,167)
Total other comprehensive income / (expense)	**(292,592)**	**(411,167)**	**(292,592)**	**(411,167)**
Total comprehensive income / (expense)	**992,108**	**11,145,100**	**2,397,922**	**11,036,212**

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Note	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Equity at the start of the year	*18*	49,962,580	37,187,546	47,788,196	36,751,984
Total comprehensive income / (expense)		992,108	11,145,100	2,397,922	11,036,212
Equity added to group as a result of IFRS 10		-	1,629,934	-	-
Equity at the end of the year		**50,954,688**	**49,962,580**	**50,186,118**	**47,788,196**

STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Note	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Current assets					
Cash & cash equivalents	8	1,568,272	2,151,055	165,316	205,036
Trade and other receivables	9	529,086	535,693	596,895	602,096
Prepayments		314,254	319,860	265,311	257,541
Inventories	10	1,607,093	1,602,738	1,607,093	1,602,738
Investment properties held for sale	12	-	170,000	-	170,000
Other investments		53,005	60,280	53,005	60,280
Property held for sale	13	-	820,000	-	820,000
Total current assets		**4,071,710**	**5,659,626**	**2,687,620**	**3,717,691**
Non-current assets					
Other investments	11	183,167	226,143	183,167	226,143
Investment properties	12	54,755,000	52,049,000	54,755,000	52,049,000
Property, plant & equipment	13	18,662,787	16,037,039	17,769,405	15,172,914
Intangible assets	14	560,648	557,491	440,071	441,616
Total non-current assets		**74,161,602**	**68,869,673**	**73,147,643**	**67,889,673**
Total assets		**78,233,312**	**74,529,299**	**75,835,263**	**71,607,364**
Current liabilities					
Trade and other payables	15	2,635,535	2,360,242	2,343,976	2,038,811
Employee entitlements	16	774,940	979,946	774,940	979,946
Borrowings	17	1,060,653	549,272	1,060,653	423,272
Provisions	24	14,850	95,923	14,850	221,923
Charitable donations allocated		1,337,920	446,120	-	20,000
Total current liabilities		**5,823,898**	**4,431,503**	**4,194,419**	**3,683,952**
Non-current liabilities					
Employee entitlements	16	98,596	88,985	98,596	88,985
Borrowings	17	21,285,250	19,342,500	21,285,250	19,000,000
Provisions	24	70,880	703,731	70,880	1,046,231
Total non-current liabilities		**21,454,726**	**20,135,216**	**21,454,726**	**20,135,216**
Equity					
Share capital	18	11,330,740	11,330,740	11,330,740	11,330,740
Retained earnings	18	39,476,714	38,192,014	38,708,144	36,017,630
Asset revaluation reserve	18	147,234	439,826	147,234	439,826
Total equity		**50,954,688**	**49,962,580**	**50,186,118**	**47,788,196**
Total liabilities & equity		**78,233,312**	**74,529,299**	**75,835,263**	**71,607,364**

Signed on behalf of Trust House Limited

Jock Kershaw
CHAIRMAN

Brian Bourke
DIRECTOR

THE ACCOMPANYING NOTES AND ACCOUNTING POLICIES FORM PART OF, AND SHOULD BE READ IN CONJUNCTION WITH, THESE FINANCIAL STATEMENTS.

CASH FLOW

For the year ended 31 March 2015

	Note	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Cash flows from operating activities					
Cash was provided from:					
Receipts from customers		34,529,117	38,905,298	29,753,598	33,434,782
Interest received		71,352	69,345	22,250	7,753
		34,600,469	38,974,643	29,775,848	33,442,535
Cash was applied to:					
Payments to suppliers and employees		30,069,729	34,649,425	27,848,819	32,371,103
Charitable donations		2,691,225	2,695,985	81,445	43,000
Interest paid		1,274,314	1,273,731	1,243,531	1,240,533
		34,035,268	38,619,141	29,173,795	33,654,636
Net cash flows from operating activities	*22*	**565,201**	**355,502**	**602,053**	**(212,101)**
Cash flows from investing activities					
Cash was provided from:					
Sale of plant, property and equipment		681,466	59,284	666,466	-
Sale of intangibles		12,000	25,965	-	-
Sale of business		62,102	382,604	62,102	382,604
Cash acquired by group as a result of IFRS 10		-	1,554,259	-	-
Loan repayment from Tararua Foundation		-	-	-	30,000
Sale of investment property		753,776	2,695,754	753,776	2,695,754
		1,509,344	4,717,866	1,482,344	3,108,358
Cash was applied to:					
Purchase of plant, property and equipment		4,481,319	1,595,758	4,038,580	1,133,978
Purchase of intangible assets		70,855	118,633	16,875	633
Acquisition of Tararua Foundation hydro assets		-	-	432,008	-
Upgrading of investment property		559,285	541,825	559,285	541,825
Loan to Tararua Foundation		-	-	-	10,000
		5,111,459	2,256,216	5,046,748	1,686,436
Net cash flows from investing activities		**(3,602,115)**	**2,461,650**	**(3,564,404)**	**1,421,922**
Cash flows from financing activities					
Cash was provided from:					
Proceeds from borrowings		2,250,000	6,000,000	2,592,500	6,000,000
		2,250,000	6,000,000	2,592,500	6,000,000
Cash was applied to:					
Repayment of borrowings		282,250	6,693,500	156,250	6,662,000
		282,250	6,693,500	156,250	6,662,000
Net cash flows from financing activities		**1,967,750**	**(693,500)**	**2,436,250**	**(662,000)**
Net (decrease) / increase in cash held		(1,069,164)	2,123,652	(526,101)	547,821
Opening cash balance		1,952,783	(170,869)	6,764	(541,057)
Closing cash balance		**883,619**	**1,952,783**	**(519,337)**	**6,764**
This balance is made up as follows:					
Cash and cash equivalents	*8*	883,619	1,952,783	(519,337)	6,764
		883,619	**1,952,783**	**(519,337)**	**6,764**

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

These financial statements have been prepared in accordance with the Companies Act 1993, the Financial Reporting Act 2013, and the Constitution of Trust House Limited. The consolidated financial statements of Trust House Limited as at and for the year ended 31 March 2015 comprise of Trust House Limited, Trust House Foundation and Tararua Foundation as controlled entities.

Trust House Limited is primarily involved in the hospitality industry running a number of bars, restaurants, bottle stores, two hotels and a community store and a large rental housing portfolio.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

The financial statements were approved by the Board of Directors on 31st August 2015.

Basis of preparation changes – The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Company has determined that it is a 'tier one' entity, as the Company has expenses over $30 million.

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.

The following standards have been adopted by the Group for the first time for the financial year beginning 1 April 2013 and have a material impact on the Group.

NZ IFRS 10 – Consolidated financial statements - builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The impact of NZ IFRS 10 resulted in the Tararua Foundation being deconsolidated into the Group's accounts (see Note 25).

NZ IFRS 13 Fair Value Measurement – aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value and disclosure requirements for use across NZ IFRS. NZ IFRS 13 provides guidance on how it should be applied where its use is already required or permitted by other NZ IFRS's. Adoption of this standard resulted in a number of additional disclosures in the financial statements and material measurement changes which are detailed in Notes 3 and 12.

Other 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.

(c) Functional and presentation currency

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

(d) 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 3 — lease classification.
- Note 12 — valuation of investment property
- Note 13 — property, plant & equipment

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 Trust House Limited and its subsidiaries as at 31 March each year ('the Group')

The Group financial statements consolidate the financial statement of subsidiaries, using the purchase method.

The purchase method of accounting is used to account for the acquisition of subsidiaries and businesses by the Group. The cost of an acquisition is measured as the fair value of the assets given, liabilities assumed or incurred at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

measured at fair value at the acquisition date. The excess of cost of acquisition over the fair value of the Group's share in the identifiable net assets acquired is recorded as goodwill.

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

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, investments, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

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.

Interest-bearing borrowings

Interest-bearing borrowings are classified as other non-derivative financial instruments and measured at amortised cost.

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.

The 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 the revaluation reserve, the debit balance will be expensed in the Income Statement.

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:

Buildings – structure	3% – 33.3%
Buildings – services and fit out	6.5%
Furniture, equipment and plant	6.67% - 25%
Motor vehicles	20%
Gaming machines and counters	25% - 100%
Electrical reticulation	10%
Computerised load control equipment	25%
Generators	10%
Other	10%

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. An impairment loss recognised for goodwill is not reversed in any subsequent period.

Investment property

Investment property is stated at valuation, as determined every year by Mr Jerome McKeefry (BBS (VPM), Dip BS (Fin), MPINZ) of Telfer Young (Wellington) Limited, registered valuers.

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.

The effective date of the valuation was 31 March 2015. Any increase or decrease in valuation 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.

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 Company 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 Balance Sheet. The leased assets are depreciated over its useful life. If there is no certainty as to whether the Company 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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue

(1) Goods sold

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) Rental income

Rental income from investment property is recognised in the Income Statement as it becomes due, adjusted by a provision for doubtful debts.

(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

Trust House Limited is exempt from income tax as the Charities Commission has granted it charitable status. Trust House Foundation is exempt from income tax as it is a Class IV gaming venue operator. Tararua Foundation is exempt from income tax as the Charities Commission has granted it charitable status.

Goods and Services tax

These accounts are prepared on a GST exclusive basis with the exception of Accounts Receivable and Accounts Payable, 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 Accounts Receivable or Accounts Payable (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.

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

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Sales	29,174,054	33,754,773	23,812,281	27,683,890
Services	324,836	212,600	879,536	742,800
Rentals	4,876,408	4,818,380	4,876,408	4,818,380
Gain on sale of				
Investment properties	149,776	670,338	149,776	670,338
Gain on sale of				
Businesses	162,080	152,613	162,080	152,613
Total revenues	34,687,154	39,608,704	29,880,081	34,068,021

6. NON OPERATING ITEMS

	Note	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Change in fair value of investment property	*12*	2,580,715	17,732,591	2,580,715	17,732,591
Revaluation of land and buildings			(2,501,945)		(2,501,945)
		2,580,715	15,230,646	2,580,715	15,230,646

7. OPERATING EXPENSES

	Notes	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Administration and financial		1,326,297	1,608,492	1,082,309	1,325,286
Advertising & promotion		861,052	920,019	861,052	920,019
Auditor fees					
- Annual audit		97,302	94,467	79,396	77,083
- Prospective financial statement review *		3,800	3,750	-	-
Bad debts written off		47,987	3,865	47,987	3,865
Movement in provision for doubtful debts	*9*	(52,710)	41,290	(52,710)	41,290
Depreciation	*13*	1,233,615	1,614,498	851,918	1,178,221
Amortisation	*14*	53,500	65,162	18,420	41,591
Investment impairment		-	-	(135,000)	135,000
Impairment of intangible assets	*14*	-	463,373	-	463,373
Impairment of property, plant & equipment		576,839	2,110,547	977,321	1,463,160
Loss / (gain) on sale of plant and equipment		(8,018)	(49,632)	-	-
Loss / (gain) on sale of intangible assets		2,198	(21,470)	-	-
Loss on sale of business	*13*	-	-	-	-
Financial guarantees	*24*	-	-	(468,500)	468,500
Gaming machine duty & licences		1,463,179	1,694,998	-	-
Onerous contracts	*24*	(669,000)	669,000	(669,000)	669,000
Property expenses		4,049,449	4,422,976	3,848,806	4,205,591
Rent & lease expenses		586,515	644,502	427,880	531,770
Employee costs		7,663,643	8,210,714	7,663,643	8,210,714
Directors and Trustees fees		161,208	155,417	153,708	147,417
		17,396,856	22,651,968	14,687,230	19,881,880

* 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

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Bank balances	1,402,956	1,946,343	-	324
Cash floats	165,316	204,712	165,316	204,712
Cash and cash equivalents	1,568,272	2,151,055	165,316	205,036
Bank overdrafts used for cash management purposes	(684,653)	(198,272)	(684,653)	(198,272)
Cash and cash equivalents used in the statement of cash flows	883,619	1,952,783	(519,337)	6,764

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

9. TRADE AND OTHER RECEIVABLES

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Trade receivables	442,014	508,923	442,014	508,923
Less provision for impairment	(42,989)	(95,699)	(42,989)	(95,699)
	399,025	413,224	399,025	413,224
Sundry receivables	130,061	122,469	197,870	188,872
	529,086	535,693	596,895	602,096

Ageing of trade receivables

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

Group and parent	Not past due	1-30 days	31-60 days	60 days+	Total
31 March 2015	292,469	39,276	10,998	99,271	442,014
31 March 2014	298,194	48,782	22,478	139,469	508,923

As at 31 March 2015 trade receivables of $42,989 (2014: $95,699) were past due and considered impaired and trade receivables of $106,556 (2014: $115,030) were past due but not considered impaired.

Movements in the provision for impairment of receivables are as follows:

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
As at 1 April	95,699	51,512	95,699	51,512
Additional provisions made during the year	(4,122)	48,052	(4,122)	48,052
Receivables written off during the year	(48,588)	(3,865)	(48,588)	(3,865)
Balance at the end of the year	42,989	95,699	42,989	95,699

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

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Raw materials and consumables	58,747	48,100	58,747	48,100
Goods available for sale	1,548,346	1,554,638	1,548,346	1,554,638
	1,607,093	1,602,738	1,607,093	1,602,738

Inventory comprises goods available for sale and food ingredients.

No inventories are pledged as security for liabilities (2013 $nil). However, some inventories are subject to retention of title clauses.

11. OTHER INVESTMENTS

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Current investments (at amortised cost)				
Foodstuffs Ltd -deferred rebates	53,005	60,280	53,005	60,280
	53,005	60,280	53,005	60,280
Non current investments (at amortised cost)				
Foodstuffs Ltd - shares & rebates	183,167	226,143	183,167	226,143
	183,167	226,143	183,167	226,143
Total investments	236,172	286,423	236,172	286,423

12. INVESTMENT PROPERTY

(a) Residential Properties	Group and Parent	
	2015	2014
	$	$
Balance at 1 April	51,549,000	35,300,000
Properties sold during the year	(550,000)	(2,025,416)
Properties written off due to fire	(54,000)	-
Improvements	559,285	541,825
Change in fair value	2,580,715	17,732,591
Balance at 31 March	54,085,000	51,549,000
Classified as:		
Current - available for sale at 31 March	-	170,000
Non Current	54,085,000	51,379,000
	54,085,000	51,549,000

Investment property comprises 482 (2014: 487) 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 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.

	Group and Parent	
	2015	2014
	$	$
Rental income	4,649,858	4,647,308
Expenses from investment property generating income	2,045,178	1,983,275

Insurance

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

(b) Commercial property

One of the Group's properties has been designated as an investment property.

	2015	2014
	$	$
Balance at 1 April	670,000	-
Transferred from property plant and equipment	-	670,000
Balance at 31 March	670,000	670,000

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 building at 31 March 2015 has been assessed by 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.

13. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings $	Furniture and plant $	Hydro assets $	Motor vehicles $	Under construction $	Total $
Cost or deemed cost						
Balance at 1 April 2013	22,010,981	8,665,235	-	213,600	25,300	30,915,116
Additions	648,537	589,960	9,430	5,217	315,500	1,568,644
Assets added to group as a result of IFRS 10	-	-	772,215	-	-	772,215
Disposals	-	(915,389)	-	-	-	(915,389)
Revaluation of land & buildings	(6,494,502)	-	-	-	-	(6,494,502)
Reclassified as investment property	(670,000)	-	-	-	-	(670,000)
Reclassified as available for sale	(820,000)	-	-	-	-	(820,000)
Balance at 31 March 2014	**14,675,016**	**8,339,806**	**781,645**	**218,817**	**340,800**	**24,356,084**
Balance at 1 April 2014	14,675,016	8,339,806	781,645	218,817	340,800	24,356,084
Additions	3,723,866	1,045,831	10,554	11,970	(254,525)	4,537,696
Disposals	(1,235,556)	(876,064)	-	-	-	(2,111,620)
Balance at 31 March 2015	**17,163,326**	**8,509,573**	**792,199**	**230,787**	**86,275**	**26,782,160**
Depreciation and impairment losses	-	-	-	-	-	-
Balance at 1 April 2013	3,214,050	5,565,244	-	130,899	-	8,910,193
Depreciation for the year	823,001	665,866	107,360	18,271	-	1,614,498
Assets added to group as a result of IFRS 10	-	-	26,898	-	-	26,898
Impairment loss	1,062,023	401,137	647,387	-	-	2,110,547
Disposals	-	(761,701)	-	-	-	(761,701)
Revaluation of land and buildings	(3,581,390)	-	-	-	-	(3,581,390)
Balance at 31 March 2014	**1,517,684**	**5,870,546**	**781,645**	**149,170**	**-**	**8,319,045**
Balance at 1 April 2014	1,517,684	5,870,546	781,645	149,170	-	8,319,045
Depreciation for the year	575,354	643,372	-	14,889	-	1,233,615
Reversal of impairment	1,269,913	-	(400,482)	-	-	869,431
Disposals	(1,435,556)	(867,162)	-	-	-	(2,302,718)
Balance at 31 March 2015	**1,927,395**	**5,646,756**	**381,163**	**164,059**	**-**	**8,119,373**
Carrying amounts						
At 1 April 2013	18,796,931	3,099,991	-	82,701	25,300	22,004,923
At 31 March 2014	13,157,332	2,469,260	-	69,647	340,800	16,037,039
At 1 April 2014	13,157,332	2,469,260	-	69,647	340,800	16,037,039
At 31 March 2015	15,235,931	2,862,817	411,036	66,728	86,275	18,662,787

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Parent	Land and buildings $	Furniture and plant $	Hydro assets $	Motor vehicles $	Under construction $	Total $
Cost or deemed cost						
Balance at 1 April 2013	22,010,981	4,940,823	-	213,600	25,300	27,190,704
Additions	648,537	150,593		5,217	315,500	1,119,847
Disposals		(189,551)	-	-	-	(189,551)
Revaluation of land and buildings	(6,494,502)	-	-	-	-	(6,494,502)
Reclassified as investment property	(670,000)	-	-	-	-	(670,000)
Reclassified as available for sale	(820,000)	-	-	-	-	(820,000)
Balance at 31 March 2014	**14,675,016**	**4,901,865**	**-**	**218,817**	**340,800**	**20,136,498**
Balance at 1 April 2014	14,675,016	4,901,865	-	218,817	340,800	20,136,498
Assets acquired from Tararua Foundation	-	-	411,036	-	-	411,036
Other additions	3,723,866	627,895	-	11,970	(254,525)	4,109,206
Disposals	(1,235,556)	(542,551)	-	-	-	(1,778,107)
Balance at 31 March 2015	**17,163,326**	**4,987,209**	**411,036**	**230,787**	**86,275**	**22,878,633**
Depreciation and impairment losses						
Balance at 1 April 2013	3,214,050	2,604,159	-	130,899	-	5,949,108
Depreciation for the year	823,001	336,949	-	18,271	-	1,178,221
Impairment loss	1,062,023	401,137	-	-	-	1,463,160
Disposals	-	(45,515)	-	-	-	(45,515)
Revaluation of land and buildings	(3,581,390)	-	-	-		(3,581,390)
Balance at 31 March 2014	**1,517,684**	**3,296,730**	**-**	**149,170**	**-**	**4,963,584**
Balance at 1 April 2014	1,517,684	3,296,730	-	149,170	-	4,963,584
Depreciation for the year	575,354	261,675	-	14,889	-	851,918
Impairment loss	1,269,913	-		-		1,269,913
Disposals	(1,435,556)	(540,631)	-	-	-	(1,976,187)
Balance at 31 March 2015	**1,927,395**	**3,017,774**	**-**	**164,059**	**-**	**5,109,228**
Carrying amounts						
At 1 April 2013	18,796,931	2,336,664	-	82,701	25,300	21,241,596
At 31 March 2014	13,157,332	1,605,135	-	69,647	340,800	15,172,914
At 1 April 2014	13,157,332	1,605,135	-	69,647	340,800	15,172,914
At 31 March 2015	15,235,931	1,969,435	411,036	66,728	86,275	17,769,405

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 2014.

The valuations were primarily based on the rental capitalisation methodology, depreciated replacement cost is used as a support method. Total fair value of land and buildings valued by J McKeefry Group and Parent as at 31 March 2014 was $14.490,000

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 $1,269,913 were recognised in 2014/15 (2013/14 $1,463,160).

Of the total $512,031 relates to the Farriers building and $757,882 relates to the Featherston SuperValue building. The impairments are due to a combination of earthquake strengthening work to a level well in excess of code requirements and deferred maintenance costs.

Insurance

The Trust House Group and related entities have joined 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 $54 million for fire and $140 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.

The Group has insured the majority of its commercial properties on an indemnity basis and only five on a full replacement basis.

14. INTANGIBLE ASSETS

	Group			Parent		
	Goodwill $	Software $	Total $	Goodwill $	Software $	Total $
Cost						
Balance at 1 April 2013	1,110,390	805,935	1,916,325	1,110,390	414,610	1,525,000
Additions	-	118,633	118,633	-	633	633
Disposals	-	(259,474)	(259,474)	-		
Balance at 31 March 2014	**1,110,390**	**665,094**	**1,775,484**	**1,110,390**	**415,243**	**1,525,633**
Balance at 1 April 2014	**1,110,390**	**665,094**	**1,775,484**	**1,110,390**	**415,243**	**1,525,633**
Additions	-	70,855	70,855	-	16,875	16,875
Disposals	-	(80,143)	(80,143)	-		
Balance at 31 March 2015	**1,110,390**	**655,806**	**1,766,196**	**1,110,390**	**432,118**	**1,542,508**
Amortisation and impairment losses						
Balance at 1 April 2013	439,000	505,436	944,436	439,000	140,052	579,052
Amortisation for the year	-	65,163	65,163	-	41,592	41,592
Impairment loss	337,838	125,535	463,373	337,838	125,535	463,373
Disposals	-	(254,979)	(254,979)	-	-	-
Balance at 31 March 2014	**776,838**	**441,155**	**1,217,993**	**776,838**	**307,179**	**1,084,017**
Balance at 1 April 2014	776,838	441,155	1,217,993	776,838	307,179	1,084,017
Amortisation for the year	-	53,500	53,500	-	18,420	18,420
Disposals	-	(65,945)	(65,945)	-	-	-
Balance at 31 March 2015	**776,838**	**428,710**	**1,205,548**	**776,838**	**325,599**	**1,102,437**
Carrying amounts						
At 1 April 2013	671,390	300,499	971,889	671,390	274,558	945,948
At 31 March 2014	333,552	223,939	557,491	333,552	108,064	441,616
At 1 April 2014	333,552	223,939	557,491	333,552	108,064	441,616
At 31 March 2015	333,552	227,096	560,648	333,552	106,519	440,071

(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:

Featherston Post and Lotto Shop

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. The forecast covers a five year period for a portion of the business which would be retained within the Group and moved to another trading unit, regardless of the trading performance of this individual business. The discount rate applied to cash flow projections is 9.0% (2014 9.0%).

Chungs Supermarket

Goodwill was recognised on the 2010 acquisition and has been apportioned to the Featherston SuperValue ($291,000) and The Bottle-O Featherston ($42,552) businesses as these were expected to benefit when the Chungs business ceased trading shortly after being acquired.

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 discount rate applied to cash flow projections is 9.0% (2014: 9.0%).

INTANGIBLE ASSETS (CONTINUED)

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

	Group and Parent	
	2015 $	2014 $
Featherston SuperValue	291,000	291,000
The Bottle-O Featherston	42,552	42,552
Total goodwill	333,552	333,552

(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

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Trade creditors	1,576,133	1,370,648	1,408,384	1,192,911
Interest payable	8,843	3,575	8,843	3,575
Capital payables	80,014	23,637	80,014	9,388
Accrued expenses	884,038	884,801	760,228	755,356
Revenue in advance	86,507	77,581	86,507	77,581
	2,635,535	2,360,242	2,343,976	2,038,811

16. EMPLOYEE ENTITLEMENTS

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Current portion				
Accrued pay	104,320	214,074	104,320	214,074
Annual leave	646,981	720,034	646,981	720,034
Provision for staff long service / retirement benefits	18,819	40,984	18,819	40,984
Sick pay	4,820	4,854	4,820	4,854
	774,940	979,946	774,940	979,946
Non-current portion				
Provision for staff long service / retirement benefits	98,596	88,985	98,596	88,985
	873,536	1,068,931	873,536	1,068,931

17. BORROWINGS

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

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Non-current liabilities				
Secured bank loans	21,066,500	19,342,500	21,066,500	19,000,000
Other loans	218,750	-	218,750	
	21,285,250	19,342,500	21,285,250	19,000,000
Current liabilities				
Bank overdrafts	684,653	198,272	684,653	198,272
Secured bank loans	126,000	126,000	126,000	-
Other loans	250,000	225,000	250,000	225,000
	1,060,653	549,272	1,060,653	423,272

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	Nominal interest rate	Year of maturity	Face value 2015 $	Carrying amount 2015 $	Face value 2014 $	Carrying amount 2014 $
Group						
Secured BNZ Bank loans	5.45%-6.70%	2017	20,850,000	20,850,000	19,000,000	19,000,000
Secured ANZ Bank loan	6.70%	2017	342,500	342,500	468,500	468,500
Other loans	0-3.5%	2016-2024	468,750	468,750	225,000	225,000
Bank overdrafts	8.75%	On demand	684,653	684,653	198,272	198,272
Total interest-bearing liabilities			22,345,903	22,345,903	19,891,772	19,891,772
Parent						
Secured BNZ Bank loans	5.45%-6.17%	2017	20,850,000	20,850,000	19,000,000	19,000,000
Secured ANZ Bank loan	6.70%	2017	342,500	342,500	-	-
Other loans	0-3.5%	2016-2024	468,750	468,750	225,000	225,000
Bank overdrafts	8.75%	On demand	684,653	684,653	198,272	198,272
Total interest-bearing liabilities			22,345,903	22,345,903	19,423,272	19,423,272

The ANZ National Bank overdrafts are secured with registered first mortgages over land and buildings with a carrying amount of $7,075,317(2014: $7,312,000). The ANZ National Bank also has a general charge over Trust House Limited'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.

The BNZ loan requires that 12 month rolling interest cover is maintained at 1.50 x EBITDA. As at the 28th December 2014 the 12 month rolling interest cover was 1.38 times EBITDA. The BNZ acknowledged that the required level of interest cover was not met for a period of time but was corrected by 31 March 2015. The cover at year end is 1.60 x EBITDA.

18. CAPITAL AND RESERVES

Group	Share capital $	Revaluation reserve $	Retained earnings $	Total equity $
Balance at 1 April 2013	11,330,740	850,993	25,005,813	37,187,546
Total comprehensive income / (expense)	-	(411,167)	11,556,267	11,145,100
Equity added to the group as a result of IFRS 10	-	-	1,629,934	1,629,934
Balance at 31 March 2014	11,330,740	439,826	38,192,014	49,962,580
Balance at 1 April 2014	11,330,740	439,826	38,192,014	49,962,580
Total comprehensive income / (expense)	-	(292,592)	1,284,700	992,108
Balance at 31 March 2015	11,330,740	147,234	39,476,714	50,954,688
Number of Share on Issue at 31 March 2015	10,637,000	(2014:10,637,000)		

Parent	Share capital $	Revaluation reserve $	Retained earnings $	Total equity $
Balance at 1 April 2013	11,330,740	850,993	24,570,251	36,751,984
Total comprehensive income / (expense)	-	(411,167)	11,447,379	11,036,212
Balance at 31 March 2014	11,330,740	439,826	36,017,630	47,788,196
Balance at 1 April 2014	11,330,740	439,826	36,017,630	47,788,196
Total comprehensive income / (expense)	-	(292,592)	2,690,514	2,397,922
Balance at 31 March 2015	11,330,740	147,234	38,708,144	50,186,118

The number of shares on issue at 31 March 2015 was 10,637,000 (2014: 10,637,000.

All issued shares are fully paid up and have no par value.

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 credit 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 Trust House Limited in the past.

Liquidity risk

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.

FINANCIAL INSTRUMENTS (CONTINUED)

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Overdrafts and credit lines in place	1,500,000	1,500,000	1,500,000	1,500,000

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.

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

Group 2015	Carrying amount $	Contractual cash flows $	12 months or less $	1-2 years $	2-5 years $	More than 5 years $
Secured bank loans	21,192,500	23,817,773	1,342,324	1,332,572	21,142,877	-
Other loans	468,750	474,705	255,955	25,000	75,000	118,750
Trade and other payables	2,635,535	2,635,535	2,635,535	-	-	-
Bank overdraft	684,653	684,653	684,653	-	-	-
Total non-derivative liabilities	24,981,438	27,612,666	4,918,467	1,357,572	21,217,877	118,750
Group 2014						
Secured bank loans	19,468,500	23,112,172	1,285,140	1,276,742	20,550,290	-
Other loans	225,000	245,155	7,313	7,313	230,529	-
Trade and other payables	2,360,242	2,360,242	2,360,242	-	-	-
Bank overdraft	198,272	198,272	198,272	-	-	-
Total non-derivative liabilities	22,252,014	25,915,841	3,850,967	1,284,055	20,780,819	-
Parent 2015						
Secured bank loans	21,192,500	22,583,917	1,131,600	1,131,600	20,320,717	-
Other loans	468,750	474,705	255,955	25,000	75,000	118,750
Trade and other payables	2,343,976	2,343,976	2,343,976	-	-	-
Bank overdraft	684,653	684,653	684,653	-	-	-
Total non-derivative liabilities	24,689,879	26,087,251	4,416,184	1,156,600	20,395,717	118,750
Parent 2014						
Secured bank loans	19,000,000	22,583,917	1,131,600	1,131,600	20,320,717	-
Other loans	225,000	237,842	7,313	230,529	-	-
Trade and other payables	2,038,811	2,038,811	2,038,811	-	-	-
Bank overdraft	198,272	198,272	198,272	-	-	-
Total non-derivative liabilities	21,462,083	25,058,842	3,375,996	1,362,129	20,320,717	-

(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 $71,358 (2014:$49,077) and for the company a reduction in profit of $57,328 (2014:$44,232).

FINANCIAL INSTRUMENTS (CONTINUED)

(c) Classification and fair values

Group 2015	Loans and receivables $	at amortised cost $	Total carrying amount $	Fair value $
Assets				
Investments	236,172		236,172	236,172
Trade and other receivables	529,086		529,086	529,086
Prepayments	314,254		314,254	314,254
Cash and cash equivalents	1,568,272		1,568,272	1,568,272
Total assets	2,647,784		2,647,784	2,647,784
Liabilities				
Trade and other payables		2,635,535	2,635,535	2,635,535
Borrowings		22,345,903	22,345,903	22,345,903
Total liabilities		24,981,438	24,981,438	24,981,438
Group 2014				
Assets				
Investments	286,423		286,423	286,423
Trade and other receivables	535,693		535,693	535,693
Prepayments	319,860		319,860	319,860
Cash and cash equivalents	2,151,055		2,151,055	2,151,055
Total assets	3,293,031		3,293,031	3,293,031
Liabilities				
Trade and other payables		2,360,242	2,360,242	2,360,242
Borrowings		19,891,772	19,891,772	19,891,772
Total liabilities		22,252,014	22,252,014	22,252,014
Parent 2015				
Assets				
Investments	236,172		236,172	236,172
Trade and other receivables	596,895		596,895	596,895
Prepayments	265,311		265,311	265,311
Cash and cash equivalents	165,316		165,316	165,316
Total assets	1,263,694		1,263,694	1,263,694
Liabilities				
Trade and other payables		2,343,976	2,343,976	2,343,976
Borrowings		22,345,903	22,345,903	22,345,903
Total liabilities		24,689,879	24,689,879	24,689,879
Parent 2014				
Assets				
Investments	286,423		286,423	286,423
Trade and other receivables	602,096		602,096	602,096
Prepayments	257,541		257,541	257,541
Cash and cash equivalents	205,036		205,036	205,036
Total assets	1,351,096		1,351,096	1,351,096
Liabilities				
Trade and other payables		2,038,811	2,038,811	2,038,811
Borrowings		19,423,272	19,423,272	19,423,272
Total liabilities		21,462,083	21,462,083	21,462,083

20. OPERATING LEASES

Leases as lessee:

Non-cancellable operating leases are payable as follows:

	Group and Parent	
	2015	2014
	$	$
Less than one year	305,053	501,209
Between 1 and 2 years	243,320	400,633
Between 2 and 5 years	264,156	665,200
Over 5 years	-	940,266
	812,529	2,507,308

The Group leases a number of hospitality premises, vehicles and equipment under operating leases. During the year ended 31 March 2015 $427,880 was recognised as an expense in the income statement in respect of operating leases (2014: $531,770).

Leases as lessor:

Non-cancellable operating leases are receivable as follows:

	Group and Parent	
	2015	2014
	$	$
Less than one year	230,300	235,550
Between 1 and 2 years	196,113	230,300
Between 2 and 5 years	163,866	359,979
Over 5 years	-	-
	590,279	825,829

21. COMMITMENTS AND CONTINGENCIES

The Group and Parent had capital commitments of $342,352 at 31 March 2015 (2014; $2,065,787).

The Group and Parent had contingent liabilities of $55,000 as at 31 March 2015 (2014: $55,000) in relation to guarantees provided by ANZ National Bank on behalf of Trust House Limited.

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

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

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Net Surplus/(Deficit) for Year	1,284,700	11,556,267	2,690,514	11,447,379
Add (less) non-cash items:				
Depreciation	1,233,615	1,614,498	851,918	1,178,221
Software amortised	53,500	65,163	18,420	41,592
Revaluation of investment properties	(2,580,715)	(17,732,591)	(2,580,715)	(17,732,591)
Provisions	(657,576)	678,744	(1,126,076)	1,147,244
Revaluation of land and buildings	-	2,501,945	-	2,501,945
Goodwill impairment	-	337,838	-	337,838
Fixed assets impairment	576,839	2,110,547	977,321	1,463,160
Software impairment	-	125,535	-	125,535
(Gain)/loss on sale of intangibles	2,198	(21,470)	-	-
(Gain)/loss on sale of fixed assets	(54,484)	(49,632)	(46,466)	-
Gain on sale of businesses	(115,614)	(152,613)	(115,614)	(152,613)
Gain on sale of investment property	(149,776)	(670,338)	(149,776)	(670,338)
Investments issued in lieu of rebates	50,251	74,263	50,251	74,263
Impairment of investments	-	-	-	135,000
	(1,641,762)	(11,118,111)	(2,120,737)	(11,550,744)
Add (less) movements in working capital items:				
(Increase)/decrease in receivables & prepayments	89,404	(77,123)	118,426	(88,218)
(Increase)/decrease in inventories	(82,462)	416,839	(82,462)	416,839
Increase/(decrease) in charitable distributions payable	891,800	57,116	(20,000)	20,000
Increase/(decrease) in employee entitlements	(195,395)	64,063	(195,395)	64,063
Increase/(decrease) in trade and other payables	218,916	(543,549)	211,707	(521,420)
	922,263	(82,654)	32,276	(108,736)
Net cash flow from operating activities	565,201	355,502	602,053	-212,101

23. RELATED PARTY TRANSACTIONS

(i) Parent and ultimate controlling party

The immediate parent and ultimate controlling party of Trust House Limited is the Masterton Licensing Trust

(ii) Transactions with key management personnel

Several of the Directors of Trust House Limited and Trustees of Masterton Licensing Trust own or run businesses in their own right. A number of these entities transacted with the Group in the period and are disclosed below.

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.

One senior manager of Trust House Limited is on the board of Destination Wairarapa - a regional tourism promotion body. During the year Trust House Foundation paid Destination Wairarapa grants totalling $241,920 (2014: $256,422).

Destination Wairarapa purchased $900 (2014: $3,030) of goods and services from Trust House Limited. The amount outstanding at year end was $409 (2014: $Nil).

Trust House purchased advertising from and paid subscriptions to Destination Wairarapa. The value of the purchases was $6,149 (2014: $3,403).The amount outstanding at year end was $115 (2014: $Nil).

Trust House Limited provides accounting services to Destination Wairarapa. During the year. Destination Wairarapa paid $25,000 (2014 $25000) for these services.

RELATED PARTY TRANSACTIONS (CONTINUED)

(iii) Key management personnel compensation

	2015 $	2014 $
Salaries and other short term benefits	1,387,415	1,191,670
Post employment benefits	23,606	18,151
Other long term benefits	-	-
Termination benefits	-	-
	1,411,021	1,209,821

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

(iv) Other related party transactions

(a) Masterton Licensing Trust (MLT)

	2015	2014
Shares in Trust House Ltd (number of shares)	8,000,000	8,000,000
	$	$
Management fees paid by MLT to Trust House Ltd	16,400	16,100
Royalty fees paid by Trust House Ltd to MLT	63,000	85,500
Trust House Ltd provided goods and services to MLT on an arms length basis	3,838	3,339

(b) Masterton Licensing (Charitable) Trust (MLCT)

	2015	2014
Shares in Trust House Ltd (number of shares)	2,150,000	2,150,000
	$	$
Donations paid by Trust House Ltd to MLCT	38,400	40,500
Management fees paid by MLCT to Trust House Ltd	38,300	37,500
Trust House Ltd provided goods and services to MLCT on an arms length basis	21,949	20,593

(c) Flaxmere Licensing (Charitable) Trust (FLCT)

	2015	2014
Shares in Trust House Ltd (number of shares)	150,000	150,000
	$	$
Term Loan to Trust House Limited	225,000	225,000
- This loan is repayable upon demand and is unsecured		
Management fees paid by FLCT to Trust House Ltd	27,300	26,800

(d) Flaxmere Licensing Trust (FLT)

	2015	2014
Shares in Trust House Ltd (number of shares)	337,000	337,000
	$	$
Management fees paid by FLT to Trust House Ltd	5,500	5,400

(e) Tararua Foundation Incorporated (TF)

	2015 $	2014 $
Management fees paid by TF to Trust House Ltd	54,700	53,600
Loan advance to TF by Trust House Ltd	-	135,000
Grants from Trust House Foundation to TF	-	-
Trust House Ltd provided goods and services to TF on an arms length basis	265	1,155
Amounts owed to Trust House by TF at year end	-	6,276

On the 31 March 2015 Trust House Limited purchase all of the assets and liabilities of Tararua Foundation see Note 25.

RELATED PARTY TRANSACTIONS (CONTINUED)

(f) Trust House Foundation (THF)

i Trust House Foundation is an independent trust. Some of the Directors of Trust House Ltd are also Trustees of Trust House Foundation.

ii Gaming Machine proceeds are generated in the premises of the Rimutaka Licensing Trust and the Trust House Ltd. By agreement the Trust House Foundation allows the charitable arms of these two organisations and the Flaxmere Licensing (Charitable) Trust to call for donations from the Trust House Charitable Trust. Once they are approved by the charitable arms, payment is made by the Trust House Foundation direct to the organisation receiving the grant.

Details of the funds available and grants approved are:

	2015 $	2014 $
Funds Available 1st April	597,611	435,562
Net Surplus before charitable distributions	2,202,539	2,852,150
Grants unclaimed	1,562,664	26,249
Grants approved	(3,594,244)	(2,716,350)
Funds available 31st March	768,570	597,611

Trust House Limited is responsible for administering Trust House Foundation

	2015 $	2014 $
Site Rentals paid by THF to Trust House Ltd	610,871	769,498
Management Fees paid by THF to Trust House Ltd	500,000	476,600

THF has paid the following entities for services perform by the entities on behalf of THF:

	2015 $	2014 $
Masterton Licensing Charitable Trust	46,000	46,000
Rimutaka Trust	34,500	34,500
Flaxmere Licensing Charitable Trust	34,500	34,500
	115,000	115,000

THF has paid the following grants:

	2015 $	2014 $
Masterton Licensing Charitable Trust	24,422	24,990
Rimutaka Trust	-	8,367
Flaxmere Licensing Charitable Trust	6,855	9,438
	31,277	42,795

As at 31 March 2015, the Trust House Foundation owed Trust House Limited $67,809 (2014: $91,438).

(g) Rimutaka Licensing Trust (RLT)

Trust House Limited has an agreement to manage the operations of the Rimutaka Licensing Trust

	2015 $	2014 $
Management Fees paid by RLT to Trust House Ltd	75,000	75,000
Site Rentals paid by Trust House Foundation to RLT	98,943	98,938
Owed to Trust House Ltd for payments made on behalf of RLT	2,881	1,771

(h) Rimutaka Trust (RT)

Trust House Limited has an agreement to manage the operations of the Rimutaka Trust

	2015 $	2014 $
Management Fees paid by RT to Trust House Ltd	27,336	26,800

24. PROVISIONS

		Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Onerous contracts	(i)	-	669,000	-	669,000
Financial guarantees	(ii)	-	-	-	468,500
Property reinstatement	(iii)	85,730	130,654	85,730	130,654
Total provisions		85,730	799,654	85,730	1,268,154
Represented as:					
Current provisions		14,850	95,923	14,850	221,923
Non current provisions		70,880	703,731	70,880	1,046,231
Total provisions		85,730	703,731	85,730	1,046,231

(i) Onerous contracts

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Opening balance at 1 April	669,000	-	669,000	-
Provisions added	-	669,000	-	669,000
Provisions released	(669,000)	-	(669,000)	-
Closing provision at 31 March	-	669,000	-	669,000

Onerous contract provisions were recognised in the prior year when the costs of complying with a contract exceed the expected benefits to be gained from the contract. Trust House Limited has sold the two premises giving rise to the provision and has therefore released the provision in the current year.

(ii) Financial guarantees

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Opening balance at 1 April	-	-	468,500	-
Provisions added	-	-	-	468,500
Provisions released			(468,500)	
Closing provision at 31 March	-	-	-	468,500

Trust House Limited had provided for a guarantee it gave to the ANZ Bank in relation to a loan to the Tararua Foundation.
The Kourarau Hydro Scheme was purchased from Tararua Foundation by Trust House Limited on the 31 March 2015. As part of the purchase Trust House Limited assumed the remaining loan balance of $342,500, therefore the provision is no longer required.

(iii) Property reinstatement provisions

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Opening balance at 1 April	130,654	120,910	130,654	120,910
Provisions added	11,424	9,744	11,424	9,744
Outlets sold	(56,348)	-	(56,348)	-
Closing provision at 31 March	85,730	130,654	85,730	130,654

Trust House Limited 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.

The property reinstatement provision is the present value of the estimated future cost to reinstate the leased premises to their original condition.

25. GROUP ENTITIES

Subsidiaries

Trust House Foundation and Tararua Foundation are controlled entities.

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

On the 31st March 2015 Trust House Limited acquired all of the assets and liabilities of the Tararua Foundation.

The effect on the Parent accounts was:

Assets	$
Cash	57,672
Receivables	26,514
Prepayments	17,290
Hydro assets	411,036
	512,512
Liabilities	
Accrued expenses	22,832
Loan assumed by Trust House	342,500
Provisions	(468,500)
	(103,168)
Equity	
Retained Earnings	615,680

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

Trust House Limited has acquired the business of "The Ledge" a public bar operating in Porirua. As a result the Trust House Foundation has gained the gaming in this venue. Two other independent public bars in Porirua have agreed to Trust House Foundation becoming their Class IV Gaming Society. This is expected to increase group operating profit by an estimated $1.5 million in the current year.

independent auditor's report

To the readers of Trust House Limited and Group's financial statements for the year ended 31 March 2015

The Auditor General is the auditor of Trust House Limited and Group (the company). The Auditor General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the company on her behalf.

Opinion

We have audited the Financial Statements of the company on pages 18 to 44, that comprise the Statement of Financial Position as at 31 March 2015, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the company:

- present fairly, in all material respects:
  - its financial position as at 31 March 2015; and
  - its financial performance and cash flows for the year then ended; and
- have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Our audit was completed on 31st August 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the AuditorGeneral's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of the disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. Also we did not evaluate the security and controls over the electronic publication of the financial statements.

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

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the company, in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements, whether in printed or electronic form.

The Board of Directors' responsibilities arise from the Companies Act 1993.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit and the audit report on the Licensing Trust's subsidiary Trust House Foundation's forecast financial statements for the year ending 31 March 2016 in accordance with the requirements of the Department of Internal Affairs, we have no relationship with or interests in the company.

Leon Pieterse

AUDIT NEW ZEALAND

On behalf of the Auditor General
Auckland, New Zealand

TRUST HOUSE
foundation

financial statements

INCOME STATEMENT

For the year ended 31 March 2015

	Note	2015 $	2014 $
Income			
Revenue		5,695,583	6,580,993
Interest received		26,796	14,253
Gain on sale of fixed assets		12,430	50,924
Gain on sale of intangible assets		12,000	21,812
Total income		5,746,809	6,667,982
Operating expenses	*4*	3,544,270	3,815,832
Net surplus before charitable distributions		2,202,539	2,852,150
Charitable distribution	*5*	(2,031,580)	(2,690,101)
Net surplus/(deficit)		170,959	162,049

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

	2015 $	2014 $
Net surplus/(deficit) for year	170,959	162,049
Other comprehensive income	-	-
Total comprehensive income for the period	170,959	162,049

STATEMENT OF MOVEMENTS IN EQUITY

For the year ended 31 March 2015

	2015 $	2014 $
Equity at start of year	597,611	435,562
Total comprehensive income	170,959	162,049
Equity at end of year	768,570	597,611

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 2015

	Note	2015 $	2014 $
Current assets			
Cash and cash equivalents	8	1,402,956	381,428
Prepayments		48,943	43,273
Total current assets		1,451,899	424,701
Non-current assets			
Plant and equipment	6	893,382	864,125
Intangible assets	7	120,577	115,875
Total non-current assets		1,013,959	980,000
Total assets		2,465,858	1,404,701
Current liabilities			
Trade and other payables	10	359,368	380,970
Charitable distribution allocated		1,337,920	426,120
Total current liabilities		1,697,288	807,090
Equity			
Retained earnings	11	768,570	597,611
Total equity		768,570	597,611
Total liabilities and equity		**2,465,858**	**1,404,701**

Signed on behalf of the Trust House Foundation

Jock Kershaw
CHAIRMAN

Alan Pollard
CHIEF EXECUTIVE

STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Cash was provided from:			
Gaming machine revenue		5,695,583	6,580,993
Interest received		26,796	14,253
		5,722,379	6,595,246
Cash was applied to:			
Payments to suppliers		3,145,875	3,447,853
Charitable distributions		1,119,779	2,652,985
GST (net)		(9,719)	11,050
		4,255,935	6,111,888
Net cash inflows/outflows from operating activities	*12*	1,466,444	483,358
Cash flows from investing activities			
Cash was provided from:			
Sale of plant and equipment		4,784	59,284
Sale of intangible assets		22,216	25,965
		27,000	85,249
Cash was applied to:			
Purchase of plant and equipment		417,936	439,367
Purchase of intangible assets		53,980	118,000
		471,916	557,367
Net cash inflows/(outflows) from investing activities		(444,916)	(472,118)
Net increase/(decrease) in cash held		1,021,528	11,240
Opening cash balance		381,428	370,188
Closing cash balance		1,402,956	381,428
Closing cash is made up of:			
Cash and cash equivalents		1,402,956	381,428
		1,402,956	381,428

THE ACCOMPANYING NOTES AND ACCOUNTING POLICIES FORM PART OF, AND SHOULD BE READ IN CONJUNCTION WITH, THESE FINANCIAL STATEMENTS.

STATEMENT OF ACCOUNTING POLICIES

1. REPORTING ENTITY

These financial statements have been prepared in accordance with the Trust Deed of the Trust House Foundation and the Charitable Trusts Act 1957.

Trust House Foundation runs a number of class IV gaming venues and distributes profits by way of charitable donations.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Foundation has determined that it is a 'tier two' entity, as the Foundation has expenses less than $30 million, however the Foundation has elected to report under 'tier one' reporting standards.

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

The financial statements of Trust House Foundation are for the year ended 31 March 2015. The financial statements were approved by the Trustees on 17th June 2015.

(b) Measurement base

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

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

(d) Measurement uncertainty

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.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Foundation becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised if the Foundation's contractual rights to the cash flows from the financial assets expire or if the Foundation transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Foundation commits itself to purchase or sell the asset. Financial liabilities are de-recognised if the Foundation's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Foundation'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 cost less impairment losses.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

Plant and equipment

Recognition and measurement

Plant and equipment consists of gaming machines and other related equipment. Plant and equipment is shown at cost, less accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated on a straight line basis on all plant and equipment assets at a rate which will write off the cost of the assets to their estimated residual value over their useful lives.

The depreciation rates for plant and equipment is 25% per annum.

Intangible Assets

Intangible assets comprise of software acquired by the Foundation. Intangible assets acquired by the Foundation which have finite lives are measured at cost less accumulated amortisation and accumulated impairment losses. The amortisation rate for intangible assets is 25%, calculated on a straight-line basis.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Impairment

The carrying amounts of the Foundation'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.

Leases

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.

Revenue

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.

Tax

The Trust House Foundation is exempt from Income Tax.

Goods and Services Tax

These accounts are prepared on a GST exclusive basis with the exception of Accounts Receivable and Accounts Payable, 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 Accounts Receivable or Accounts Payable (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.

4. OPERATING EXPENSES

Details of operating expenses are:

	2015 $	2014 $
Administration and financial	650,515	638,738
Audit fees	10,864	10,547
Other services provided by auditor		
- Prospective financial statements	3,800	3,750
Gaming machines licences	67,391	79,010
Depreciation	381,697	328,917
Amortisation of intangible assets	35,080	23,571
EMS monitoring	68,813	80,233
Loss on disposal of assets	4,412	1,292
Loss on disposal of intangibles	14,198	342
Service, maintenance and insurance expenses	142,206	151,217
Gaming machines duty	1,309,984	1,513,628
Problem gambling levy	85,804	102,360
Site rentals	769,506	882,227
	3,544,270	3,815,832

5. CHARITABLE DISTRIBUTIONS

Details of charitable distributions are:

	2015 $	2014 $
Charitable distributions approved	3,594,244	2,716,350
Add back - distributions not uplifted	(66,401)	(23,205)
- distributions refunded	(1,496,263)	(3,044)
	2,031,580	2,690,101

The Foundation is required under its licence to distribute to the community each year, in accordance with its authorised purposes, not less than 37.12% of its revenue in that year. For the year ended 31 March 2015, net grants approved totalled $2,031,580 representing 35.35% of revenue. This was due to an unusually large returned grant of $1,490,000 and the lack of sufficient high quality grant applications made to the Foundation during the year.

6. PLANT AND EQUIPMENT

	Plant and equipment $
Cost	
Balance at 1 April 2013	1,309,333
Additions	439,367
Disposals	(26,480)
Balance at 31 March 2014	1,722,220
Balance at 1 April 2014	1,722,220
Additions	417,936
Disposals	(48,213)
Balance at 31 March 2015	2,091,943
Depreciation and impairment losses	
Balance at 1 April 2013	546,006
Depreciation for the year	328,917
Disposals	(16,828)
Balance at 31 March 2014	858,095
Balance at 1 April 2014	858,095
Depreciation for the year	381,697
Disposals	(41,231)
Balance at 31 March 2015	1,198,561
Carrying amounts	
At 1 April 2013	763,327
At 31 March 2014	864,125
At 1 April 2014	864,125
At 31 March 2015	893,382

7. INTANGIBLE ASSETS

	Gaming Software
Cost	
Balance at 1 April 2013	176,511
Additions	118,000
Disposals	(86,394)
Balance at 31 March 2014	208,117
Balance at 1 April 2014	208,117
Additions	53,980
Disposals	(47,354)
Balance at 31 March 2015	214,743
Amortisation and impairment losses	
Balance at 1 April 2013	150,570
Amortisation for the year	23,571
Disposals	(81,899)
Balance at 31 March 2014	92,242
Balance at 1 April 2014	92,242
Amortization for the year	35,080
Disposals	(33,156)
Balance at 31 March 2015	94,166
Carrying amounts	
At 1 April 2013	25,941
At 31 March 2014	115,875
At 1 April 2014	115,875
At 31 March 2015	120,577

8. CASH AND CASH EQUIVALENTS

These comprise of deposits held on call at banks.

9. FINANCIAL INSTRUMENTS

Classification and fair value

The carrying amount of financial instruments approximates their fair value.

Liquidity Risk

Exposure to liquidity risk arises in the normal course of the Foundation's business.

Liquidity risk represents the Foundation's ability to meet its contractual obligations. The Foundation evaluates its liquidity requirements on an ongoing basis. In general, the Foundation 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.

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

	12 months or less	1-2 Years	2-5 Years	More than 5 Years
2014				
Trade and other payables	380,970	-	-	-
Charitable distributions payable	426,120	-	-	-
Total non-derivative liabilities	807,090	-	-	-
2015				
Trade and other payables	359,368	-	-	-
Charitable distributions payable	1,337,920	-	-	-
Total non-derivative liabilities	1,697,288	-	-	-

10. TRADE AND OTHER PAYABLES

	2015 $	2014 $
Gaming machine duty payable	133,151	150,946
Problem gambling levy payable	8,721	9,887
Goods and services tax payable	112,946	103,227
Audit fees payable	10,864	10,547
Capital payables	-	7,577
Trade creditors	93,686	98,786
	359,368	380,970

11. RETAINED EARNINGS

Gaming machine proceeds are generated in the premises of the Rimutaka Licensing Trust and Trust House Limited. By agreement the Trust House Foundation allows the charitable arms of these two organisations and the Flaxmere Licensing (Charitable) Trust to consider grant applications and make recommendations to the Trust House Foundation. Once they are approved by the charitable arms, payment is made by the Trust House Foundation direct to the organisation receiving the grant.

Details of the funds available and grants approved are:

	2015 $	2014 $
Flaxmere Licensing (Charitable) Trust		
Funds available 1st April	175,909	81,408
Net surplus before charitable distributions	441,626	433,479
Grants written off/refunded	3,170	5,093
Grants approved	(477,747)	(344,071)
Funds available 31st March	142,958	175,909
Masterton Licensing (Charitable) Trust		
Funds available 1st April	341,201	315,558
Net surplus before charitable distributions	1,616,169	2,153,196
Grants written off/refunded	1,539,427	12,177
Grants approved	(2,909,134)	(2,139,730)
Funds available 31st March	587,663	341,201
Rimutaka Trust		
Funds available 1st April	80,501	38,596
Net surplus before charitable distributions	144,744	265,475
Grants written off/refunded	20,067	8,979
Grants approved	(207,363)	(232,549)
Funds available 31st March	37,949	80,501
Totals		
Funds available 1st April	597,611	435,562
Net surplus before charitable distributions	2,202,539	2,852,150
Grants written off/refunded	1,562,664	26,249
Grants approved	(3,594,244)	(2,716,350)
Funds available 31st March	768,570	597,611

12. RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2015 $	2014 $
Net surplus/(deficit) for year	170,959	162,049
Add/(less) non-cash items:		
Depreciation	381,697	328,917
Amortisation	35,080	23,571
	416,777	352,488
Add/(less) movements in working capital items:		
(Increase)/decrease in debtors and prepayments	(5,670)	(2,085)
Increase/(decrease) in charitable distribution payable	911,800	37,116
Increase/(decrease) in payables and accruals	(21,602)	4,892
	884,528	39,923
Add/(less) investing activities		
Loss /(profit) on sale of intangible assets	(8,018)	(21,470)
Loss/(profit) on sale of plant and equipment	2,198	(49,632)
	(5,820)	(71,102)
Net cash flow from operating activities	1,466,444	483,358

13. OPERATING LEASES

The Foundation does not have any term commitment in relation to operating leases. It did however pay, in a manner prescribed by the Department for Internal Affairs, site rentals for the gaming in the Trust House Limited and Rimutaka Licensing Trust, premises where its gaming machines are located. Details of these payments are in Note 15.

14. CONTINGENT LIABILITIES AND COMMITMENTS

The Trust House Foundation has no contingent liabilities or commitments as at 31 March 2015 (2014: Nil).

15. RELATED PARTY TRANSACTIONS

Parent and ultimate controlling party

The Foundation is considered to be a controlled entity of Trust House Limited. The ultimate controlling party is the Masterton Licensing Trust.

(a) Trust House Limited

i The Trust House Foundation is an independent Charitable Trust. Four Trustees of the Trust House Foundation are also Directors of Trust House Limited.

ii Trust House Limited is also responsible for administering the Foundation. Any transactions between this Foundation, Trust House Limited and its shareholder Trusts are carried out on a commercial and arms-length basis.

iii The Trust House Foundation paid $500,000 for management fees to Trust House Limited in 2014/15 (2013/14: $476,600).

iv In 2014/15 the Trust House Foundation paid site rentals of $610,871 to Trust House Limited (2013/14: $769,495).

v As at 31 March 2015, the Trust House Foundation owed Trust House Limited $67,809 (2013/14: $91,438).

(b) Flaxmere Licensing Trust/ Flaxmere Licensing (Charitable) Trust

i One Trustee from the Flaxmere Licensing Trust is also a Trustee of the Trust House Foundation.

ii By arrangement, the Trust House Foundation accepts recommendations from the Trustees of the Flaxmere Licensing (Charitable) Trust for grants to be distributed within their area, from the proceeds of the gaming machines in the Flaxmere Tavern (owned by Trust House Limited).

iii In 2014/15 the Trust House Foundation made charitable distributions of $6,855 to the Flaxmere Licensing (Charitable) Trust (2013/14: $9,438).

iv As at 31 March 2015, the Trust House Foundation owed the Flaxmere Licensing Trust $Nil (2013/14: $Nil).

v In 2014/15 the Trust House Foundation paid the Flaxmere Licensing (Charitable) Trust $34,500 for services on behalf of the Trust House Foundation (2013/14: $34,500).

(c) Rimutaka Licensing Trust/ Rimutaka Trust

i One Trustee from the Rimutaka Licensing Trust is also a Trustee of the Trust House Foundation.

ii By arrangement, the Trust House Foundation accepts recommendations from the Trustees of the Rimutaka Trust for grants to be distributed within their area, from the proceeds of the gaming machines in the Rimutaka Tavern (owned by the Rimutaka Licensing Trust).

iii 2014/15 the Trust House Foundation paid site rentals of $98,943 to the Rimutaka Licensing Trust (2013/14: $98,938).

iv In 2014/15 the Trust House Foundation paid the Rimutaka Trust $34,500 for services on behalf of the Trust House Foundation (2013/14: $34,500).

v In 2014/15 the Trust House Foundation made charitable distributions of $Nil to the Rimutaka Trust (2013/14: $8,367).

vi As at 31 March 2015, the Trust House Foundation owed the Rimutaka Licensing Trust $10,029 (2013/14: $9,758).

RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Masterton Licensing Trust/ Masterton Licensing (Charitable) Trust

i Four Trustees from the Masterton Licensing Trust/ Masterton Licensing (Charitable) Trust are also Trustees of the Trust House Foundation.

ii By arrangement, the Trust House Foundation accepts recommendations from the Trustees of the Masterton Licensing (Charitable) Trust for grants to be distributed within their area, from the proceeds of the gaming machines in the premises of Trust House Limited (partly owned by the Masterton Licensing Trust).

iii In 2014/15 the Trust House Foundation paid the Masterton Licensing (Charitable) Trust $46,000 for services on behalf of the Trust House Foundation (2013/14: $46,000).

iv In 2014/15 the Trust House Foundation made charitable distributions of $24,422 to the Masterton Licensing (Charitable) Trust (2013/14: $24,990).

(e) Tararua Foundation Incorporated

i One Trustee from the Tararua Foundation Incorporated is also a Trustee of the Trust House Foundation.

ii In 2014/15 the Tararua Foundation returned unused grants of $1,490,000 to the Trust House Foundation.

16. CAPITAL MANAGEMENT

The Foundation's capital includes retained earnings. Equity is represented by net assets. The Foundation manages its revenues, expenses, assets, liabilities and general financial dealings prudently. The Foundation equity is largely managed as a by product of managing revenue, expenses, assets and liabilities.

The objective of managing the Foundation's equity is to ensure the Foundation achieves its goals and objectives for which it has been established, whilst remaining a going concern

independent auditor's report

To the readers of Trust House Foundation's financial report for the year ended 31 March 2015

The Auditor General is the auditor of the Trust House Foundation (the Foundation) pursuant to section 107 of the Gambling Act 2003. The Auditor General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial report of the Foundation, on her behalf.

We have audited the financial report of the Foundation on pages 52 to 62, that comprise the Statement of Financial Position as at 31 March 2015, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

Opinion on the financial report

In our opinion the financial report of the Foundation on pages 52 to 62:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Foundation's:
  - financial position as at 31 March 2015; and
  - financial performance and cash flows for the year ended on that date.

Opinion on other legal matters

In our opinion proper accounting records have been kept by the Foundation as far as appears from our examination of those records.

Our audit was completed on 19th June 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the AuditorGeneral's Auditing Standards, which incorporates the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial report. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Foundation's financial report that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the adequacy of all disclosures in the financial report; and
- the overall presentation of the financial report.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial report. Also we did not evaluate the security and controls over the electronic publication of the financial statements.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board

The Board is responsible for preparing the financial report that:

- complies with generally accepted accounting practice in New Zealand; and
- fairly reflects the Foundation's financial position, financial performance and cash flows.

The Board is also responsible for such internal control as it determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. The Board is also responsible for the publication of the financial statements, whether in printed or electronic form.

The Board's responsibilities arise from the Gambling Act 2003.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial report and reporting that opinion to you based on our audit.

Our responsibility arises from section 15 of the Public Audit Act 2001 and the Gambling Act 2003.

Independence

When carrying out the audit we followed the independence requirements of the AuditorGeneral, which incorporate the independence requirements of the External Reporting Board.

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

Leon Pieterse

AUDIT NEW ZEALAND

On behalf of the Auditor General
Auckland, New Zealand

MASTERTON
licensing trust

President's Report

The Masterton Licensing Trust Board (MLT) is made up of the six locally elected Trustees. They work together remarkably well considering they all come from different walks of life, each having a slightly different perspective on most matters that come before the MLT. For all Trustees it is an honour to be involved and charged with the responsibility of dealing with charitable applications with the ultimate goal of enhancing the wellbeing of our community.

The MLT owns a controlling shareholding in the company Trust House Limited. All major decisions of Trust House must be approved by the MLT. There are of course good lines of communication between Trust House Limited and the Trustees of MLT.

Trust House is fortunate to have the services of Allan Pollard as its CEO. Allan has undertaken some far ranging reviews of the businesses owned by Trust House Limited. Decisions have been made on the viability of some of our businesses and there have been a number closed and others restructured. Our traditional business segment of hotel and bottle store are not immune to today's business climate and changes have been made to improve profitability.

The Board is proud to see the finalisation of our Featherston Gateway development. We see this as proof of our confidence in the South Wairarapa and Featherston in particular.

The Kourarau Hydro Dam facilities have been successfully transferred into Trust House Limited's balance sheet and we are hopeful of improved returns from electricity generation going forward.

We do operate in a diverse range of businesses, none more specialised than our housing portfolio. We manage some 480 houses throughout the Wairarapa. We hope to be given the opportunity to either acquire or manage more houses in the future.

We are very ably supported by the senior management team of Trust House and their guidance and advice is very helpful in reaching decisions on the best way forward.

We acknowledge the sad death of long serving Trustee and former President Craig Cooper. We miss his enthusiasm and insightfulness. We welcome Kieran McAnulty to the MLT Board following the by election.

I personally wish to acknowledge and thank the strong contribution of all my fellow Trustees.

Jock Kershaw
PRESIDENT

Chairman's Report

In the year ended the 31st of March 2015 the Trustees of the Masterton Licensing Charitable Trust approved grant applications of $2,909,134 which is a substantial increase over recent years.

This increase in funds resulted from returned grants of over $1,400.000. The extra funds allowed us to support large projects such as:

- Memorial Park Turf
- Pukaha Mount Bruce
- Clareville Hockey Turf
- Netball Wairarapa
- Aratoi Wairarapa Museum of Arts and History
- Martinborough Town Hall

We also continued to support annual funding to:

- Destination Wairarapa
- Wings Over Wairarapa
- Golden Shears
- Rally Wairarapa
- The Balloon Festival
- Healthy Homes

As well as many other organisations and clubs who contribute to our community.

Trustees consider every application carefully before a funding decision is made and I believe as a group we consult and represent a wide section of the community. Debate is often vigorous but generally a consensus is reached.

On behalf of the Trustees I would like to thank the staff of Trust House for their support and advice throughout a difficult year, following the sad loss of Chairman Craig Cooper. In addition and again on behalf of Trustees I would like to make a special mention of Theresa Fawdray, Executive Secretary and Jane Stagg, Community Support Secretary for their help and guidance.

Ray Southey
CHAIRMAN


RETURNED TO
THE COMMUNITY
ARTS & HISTORY 10%
COMMUNITY PROMOTION & DEVELOPMENT 34%
RECREATION & SPORT 39%
HEALTH & WELFARE 10%
EDUCATION 7%

financial statements

INCOME STATEMENT

For the year ended 31 March 2015

	Note	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Revenue	*5*	34,605,607	39,530,014	63,000	85,500
Less cost of sales		13,795,058	16,709,159	-	-
Gross profit		20,810,549	22,820,855	63,000	85,500
Operating expenses	*7*	17,382,800	22,635,373	69,319	87,343
Results from operating actvities		3,427,749	185,482	(6,319)	(1,843)
Finance income		71,357	69,349	5	4
Finance costs		1,279,582	1,238,200	-	-
Net finance costs		1,208,225	1,168,851	(5)	(4)
Net operating profit / (loss)		**2,219,524**	**(983,369)**	**(6,314)**	**(1,839)**
Non operating items	*6*	2,580,715	15,230,646	-	-
Net profit / (loss) before charitable donations		**4,800,239**	**14,247,277**	**(6,314)**	**(1,839)**
Charitable donations	*23*	(3,522,676)	(2,692,008)	-	-
Tax expense	*26*	-	-	-	-
Net profit / (loss) for year		**1,277,563**	**11,555,269**	**(6,314)**	**(1,839)**
Attributable to:					
Masterton licensing tust		1,218,745	11,026,182	(6,314)	(1,839)
Minority interest		58,818	529,087	-	-
		1,277,563	11,555,269	(6,314)	(1,839)

THE ACCOMPANYING NOTES AND ACCOUNTING POLICIES FORM PART OF, AND SHOULD BE READ IN CONJUNCTION WITH, THESE FINANCIAL STATEMENTS.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Net profit / (loss)	**1,277,563**	**11,555,269**	**(6,314)**	**(1,839)**
Other comprehensive income				
Land & building impairment charged to equity	(292,592)	(411,167)	-	-
Total other comprehensive income	(292,592)	(411,167)	-	-
Total comprehensive income for the period	**984,971**	**11,144,102**	**(6,314)**	**(1,839)**
Attributable to:				
Masterton Licensing Trust	939,549	10,633,839	(6,314)	(1,839)
Minority interest	45,422	510,263	-	-
	984,971	11,144,102	(6,314)	(1,839)

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Note	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Equity at the start of the year	**18**	**49,952,532**	**37,178,496**	**7,993,991**	**7,995,830**
Total comprehensive income / (expense)		984,971	11,144,102	(6,314)	(1,839)
Equity added to group as a result of IFRS 10		-	1,629,934	-	-
Attributable to:					
Masterton Licensing Trust		939,549	12,189,149	(6,314)	(1,839)
Minority interest		45,422	584,887	-	-
		984,971	12,774,036	(6,314)	(1,839)
Equity at the end of the year		**50,937,503**	**49,952,532**	**7,987,677**	**7,993,991**

STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Note	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Current assets					
Cash & cash equivalents	8	1,568,938	2,152,131	389	312
Trade and other receivables	9	529,086	535,837	-	144
Prepayments		314,254	319,860	-	-
Inventories	10	1,607,093	1,602,738	-	-
Investment properties available for sale	12	-	170,000	-	-
Other investments	11	53,005	60,280	-	-
Property held for sale	13	-	820,000	-	-
Total current assets		**4,072,376**	**5,660,846**	**389**	**456**
Non-current assets					
Investments	11	183,167	226,143	8,000,000	8,000,000
Investment properties	12	54,755,000	52,049,000	-	-
Property, plant & equipment	13	18,662,787	16,037,039	-	-
Intangible assets	14	560,648	557,491	-	-
Total non-current assets		**74,161,602**	**68,869,673**	**8,000,000**	**8,000,000**
Total assets		**78,233,978**	**74,530,519**	**8,000,389**	**8,000,456**
Current liabilities					
Trade and other payables	15	2,653,386	2,371,510	12,712	6,465
Income tax payable	26	-	-	-	-
Employee entitlements	16	774,940	979,946	-	-
Borrowings	17	1,060,653	549,272	-	-
Provisions	24	14,850	95,923	-	-
Charitable donations allocated		1,337,920	446,120	-	-
Total current liabilities		**5,841,749**	**4,442,771**	**12,712**	**6,465**
Non-current liabilities					
Employee entitlements	16	98,596	88,985	-	-
Borrowings	17	21,285,250	19,342,500	-	-
Provisions	24	70,880	703,731	-	-
Total non-current liabilities		**21,454,726**	**20,135,216**	**-**	**-**
Equity					
Retained earnings	18	48,464,766	47,246,021	7,987,677	7,993,991
Minority interest	18	2,328,681	2,283,259	-	-
Asset revaluation reserve	18	144,056	423,252	-	-
Total equity		**50,937,503**	**49,952,532**	**7,987,677**	**7,993,991**
Total liabilities & equity		**78,233,978**	**74,530,519**	**8,000,389**	**8,000,456**

Signed on behalf of Masterton Licensing Trust

Jock Kershaw
PRESIDENT

Allan Pollard
CHIEF EXECUTIVE

THE ACCOMPANYING NOTES AND ACCOUNTING POLICIES FORM PART OF, AND SHOULD BE READ IN CONJUNCTION WITH, THESE FINANCIAL STATEMENTS.

CASH FLOW

For the year ended 31 March 2015

	Note	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Cash flows from operating activities					
Cash was provided from:					
Receipts from customers		34,413,593	38,914,230	63,000	85,500
Interest received		71,357	69,349	5	4
		34,484,950	38,983,579	63,005	85,504
Cash was applied to:					
Payments to suppliers and employees		30,014,971	34,720,890	62,928	87,423
Charitable donations		2,630,876	2,634,892	-	-
Income tax paid		-	-	-	-
Interest paid		1,274,314	1,273,731	-	-
		33,920,161	38,629,513	62,928	87,423
Net cash flows from operating activities	*22*	**564,789**	**354,066**	**77**	**(1,919)**
Cash flows from investing activities					
Cash was provided from:					
Sale of plant, property and equipment		681,466	59,284	-	-
Sale of intangibles		12,002	25,965	-	-
Sale of businesses		62,102	382,604	-	-
Sale of investment property		753,776	2,695,754	-	-
Cash acquired by group as a result of IFRS10	*25*	-	1,554,259	-	-
		1,509,346	4,717,866	-	-
Cash was applied to:					
Purchase of plant, property and equipment		4,481,319	1,595,758	-	-
Purchase of intangible assets		70,855	118,633	-	-
Upgrading of investment property		559,285	541,825	-	-
Loan to Tararua Foundation		-	-	-	-
		5,111,459	2,256,216	-	-
Net cash flows from investing activities		**(3,602,113)**	**2,461,650**	-	-
Cash flows from financing activities					
Cash was provided from:					
Proceeds from borrowings		2,250,000	6,000,000	-	-
		2,250,000	6,000,000	-	-
Cash was applied to:					
Repayment of borrowings		282,250	6,693,500	-	-
		282,250	6,693,500	-	-
Net cash flows from financing activities		**1,967,750**	**(693,500)**	-	-
Net (decrease) / increase in cash held		(1,069,574)	2,122,216	77	(1,919)
Opening cash balance		1,953,859	(168,357)	312	2,231
Closing cash balance		**884,285**	**1,953,859**	**389**	**312**
This balance is made up as follows:					
Cash and cash equivalents		884,285	1,953,859	389	312
		884,285	1,953,859	389	312

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 Licensing Trust as at and for the year ended 31 March 2015 comprise of Masterton Licensing Trust, Masterton Licensing (Charitable) Trust, Trust House Limited (95.4% owned), Trust House Foundation (a controlled entity) and Tararua Foundation (a controlled entity)

The Masterton Licensing Trust is a licensing 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, two hotels a community store and a large rental housing portfolio.

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 Trustees on 14th July 2015.

Basis of preparation changes – The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Trust has determined that it is a 'tier one' entity, as the Trust has expenses over $30 million.

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.

The following standards have been adopted by the Group for the first time for the financial year beginning 1 April 2013 and have a material impact on the Group.

NZ IFRS 10 – Consolidated financial statements - builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent. The impact of NZ IFRS 10 resulted in the Tararua Foundation being consolidated into the Group's accounts. (see note 25)

NZ IFRS 13 Fair Value Measurement – aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value and disclosure requirements for use across NZ IFRS. NZ IFRS 13 provides guidance on how it should be applied where its use is already required or permitted by other NZ IFRS's. Adoption of this standard resulted in a number of additional disclosures in the financial statements and material measurement changes which are detailed in notes 3 and 12.

Other 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.

(c) Functional and presentation currency

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

(d) 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 3 — lease classification.
- Note 12 — valuation of investment property
- Note 13— property, plant and equipment

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 Licensing Trust and its subsidiaries as at 31 March each year ('the Group')

The Group financial statements consolidate the financial statement of subsidiaries, using the purchase method.

The purchase method of accounting is used to account for the acquisition of subsidiaries and businesses by the Group. The cost of an acquisition is measured as the fair value of the assets given, liabilities assumed or incurred at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. The excess of cost of acquisition over the fair value of the Group's share in the identifiable net assets acquired is recorded as goodwill.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The Group financial statements consolidate the financial statement of subsidiaries, using the purchase method.

The purchase method of accounting is used to account for the acquisition of subsidiaries and businesses by the Group. The cost of an acquisition is measured as the fair value of the assets given, liabilities assumed or incurred at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. The excess of cost of acquisition over the fair value of the Group's share in the identifiable net assets acquired is recorded as goodwill.

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

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

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.

Interest-bearing borrowings

Interest-bearing borrowings are classified as other non-derivative financial instruments and measured at amortised cost.

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.

The 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 the revaluation reserve, the debit balance will be expensed in the Income Statement.

Plant and equipment, 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 fixed assets 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:

Buildings – structure	3% – 33.3%
Buildings – services and fit out	6.5%
Furniture, equipment and plant	6.67% - 25%
Motor vehicles	20%
Gaming machines and counters	25% - 100%
Electrical reticulation	10%
Computerised load control equipment	25%
Generators	10%
Other	10%

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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the Groups' 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. An impairment loss recognised for goodwill is not reversed in any subsequent period.

Investment property

Investment property is stated at valuation, as determined every year by Mr Jerome McKeefry (BBS (VPM), Dip BS (Fin), MPINZ) of Telfer Young (Wellington) Limited, registered valuers.

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.

The effective date of the valuation was 31 March 2015. Any increase or decrease in valuation 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.

(i) 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

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 twelve months of reporting date are measured at nominal values on an actual entitlement basis at a current rate of pay.

Entitlements that are payable beyond twelve 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 at 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

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) Rental income

Rental income from investment property is recognised in the income statement as it becomes due, adjusted by a provision for doubtful debts.

(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.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Licensing Trust is subject to Income Tax. Trust House Limited, Masterton Licensing (Charitable) Trust and Tararua Foundation are exempt from Income Tax as they are registered charities. The Trust House Foundation is exempt from income tax as Class IV gaming operators.

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.

Goods and Services Tax

These accounts are prepared on a GST exclusive basis with the exception of Accounts Receivable and Accounts Payable, 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 Accounts Receivable or Accounts Payable (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.

4. DETERMINATION OF FAIR VALUES

A number of the Group's 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. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

(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 Group's 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

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Sales	29,147,207	33,729,683	-	-
Services	270,136	159,000	-	-
Rentals	4,876,408	4,818,380	-	-
Gain on sale of investment properties	149,776	670,338		
Gain on sale of businesses	162,080	152,613	-	-
Other	-	-	63,000	85,500
Total revenues	34,605,607	39,530,014	63,000	85,500

6. NON OPERATING ITEMS

	Note	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Change in fair value of investment property	*12*	2,580,715	17,732,591	-	-
Revaluation of land and buildings	*13*	-	(2,501,945)	-	-
		2,580,715	15,230,646	-	-

7. OPERATING EXPENSES

	Note	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Administration and financial		1,239,093	1,449,499	35,692	53,756
Advertising & promotion		861,052	920,019	-	-
Auditor fees					
- Annual audit		106,962	103,846	5,734	5,567
- Prospective financial statement review *		3,800	3,750	-	-
Bad debts written off	*9*	47,987	3,865	-	-
Movement in provision for doubtful debts	*9*	(52,710)	41,290	-	-
Depreciation	*13*	1,233,615	1,614,498	-	-
Amortisation	*14*	53,500	65,162	-	-
Impairment of intangible assets	*14*	-	463,373	-	-
Impairment of property, plant & equipment		576,839	2,110,547	-	-
Gaming machine duty & licences		1,463,179	1,694,998	-	-
Onerous contracts	*24*	(669,000)	669,000		
Property expenses		4,049,449	4,422,976	-	-
Rent & lease expenses		586,515	644,499	-	-
Employee costs		7,663,643	8,210,714	-	-
Trustee and Directors fees and expenses		218,876	217,337	27,893	28,020
		17,382,800	22,635,373	69,319	87,343

* 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

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Bank balances	1,403,622	1,947,419	389	312
Cash floats	165,316	204,712	-	-
Cash and cash equivalents	1,568,938	2,152,131	389	312
Bank overdrafts used for cash management purposes	(684,653)	(198,272)	-	-
Cash and cash equivalents used in the statement of cash flows	884,285	1,953,859	389	312

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

9. TRADE AND OTHER RECEIVABLES

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Trade receivables	442,014	508,923	-	-
Less provision for impairment	(42,989)	(95,699)	-	-
	399,025	413,224	-	-
Sundry receivables	130,061	122,613	-	144
	529,086	535,837	-	144

Ageing of trade receivables

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

Group	Not past due	1-30 days	31-60 days	60 days+	Total
31 March 2015	292,469	39,276	10,998	99,271	442,014
31 March 2014	298,194	48,782	22,478	139,469	508,923

As at 31 March 2015 trade receivables of $42,989 (2014: $95,699) were past due and considered impaired and trade. Receivables of $106,556 (2014: $115,030) were past due but not considered impaired.

Movements in the provision for impairment of receivables are as follows:

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
As at 1 April	95,699	51,512	-	-
Additional provisions made during the year	(4,122)	48,052	-	-
Receivables written off during the year	(48,588)	(3,865)	-	-
Balance at the end of the year	42,989	95,699	-	-

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 which are in difficult economic circumstances.

10. INVENTORY

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Raw materials and consumables	58,747	48,100	-	-
Goods available for sale	1,548,346	1,554,638	-	-
	1,607,093	1,602,738	-	-

Inventory comprises goods available for sale and food ingredients.

No inventories are pledged as security for liabilities (2014 $nil). However, some inventories are subject to retention of title clauses.

11. INVESTMENTS

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Current investments (at amortised cost)				
Foodstuffs Ltd -deferred rebates	53,005	60,280	-	-
	53,005	60,280	-	-
Non-current investments (at cost)				
Foodstuffs Ltd - shares & rebates	183,167	226,143	-	-
Trust House Limited (shares)	-	-	8,000,000	8,000,000
	183,167	226,143	8,000,000	8,000,000
Total investments	236,172	286,423	8,000,000	8,000,000

12. INVESTMENT PROPERTY

(a) Residential properties	Group 2015 $	Group 2014 $
Balance at 1 April	51,549,000	35,300,000
Properties sold during the year	(550,000)	(2,025,416)
Properties written off due to fire	(54,000)	-
Improvements	559,285	541,825
Change in fair value	2,580,715	17,732,591
Balance at 31 March	54,085,000	51,549,000
Classified as:		
Current - available for sale at 31 March	-	170,000
Non current	54,085,000	51,379,000
	54,085,000	51,549,000

Investment property comprises 482 (2014: 487) 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 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.

	Group 2015 $	Group 2014 $
Rental income	4,649,858	4,647,308
Expenses from investment property generating income	2,045,178	1,983,275

INVESTMENT PROPERTY (CONTINUED)

Insurance

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

b) Commercial Property

One of the Group's properties has been designated as an investment property.

	2015 $	2014 $
Balance at 1 April 2014	670,000	-
Transferred from property plant and equipment	-	670,000
Balance at 31 March 2015	670,000	670,000

The valuation of this property uses Level two 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 building at 31 March 2015 has been assessed by 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.

13. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings $	Furniture and plant $	Hydro assets $	Motor vehicles $	Under construction $	Total $
Cost or deemed cost						
Balance at 1 April 2013	22,010,981	8,665,235	-	213,600	25,300	30,915,116
Additions	648,537	589,960	9,430	5,217	315,500	1,568,644
Assets added to group as a result of IFRS 10	-	-	772,215	-	-	772,215
Disposals	-	(915,389)	-	-	-	(915,389)
Revaluation of land & buildings	(6,494,502)	-	-	-	-	(6,494,502)
Reclassified as investment property	(670,000)	-	-		-	(670,000)
Reclassified as available for sale	(820,000)	-	-	-	-	(820,000)
Balance at 31 March 2014	14,675,016	8,339,806	781,645	218,817	340,800	24,356,084
Balance at 1 April 2014	14,675,016	8,339,806	781,645	218,817	340,800	24,356,084
Assets acquired through business combinations	-	-	-	-	-	-
Additions	3,723,866	1,045,831	10,554	11,970	(254,525)	4,537,696
Disposals	(1,235,556)	(876,064)	-	-	-	(2,111,620)
Balance at 31 March 2015	17,163,326	8,509,573	792,199	230,787	86,275	26,782,160
Depreciation and impairment losses						
Balance at 1 April 2013	3,214,050	5,565,244	-	130,899	-	8,910,193
Depreciation for the year	823,001	665,866	107,360	18,271	-	1,614,498
Assets added to group as a result of IFRS 10	-	-	26,898	-	-	26,898
Impairment loss	1,062,023	401,137	647,387	-	-	2,110,547
Disposals	-	(761,701)	-	-	-	(761,701)
Revaluation of land and buildings	(3,581,390)	-	-	-	-	(3,581,390)
Balance at 31 March 2014	1,517,684	5,870,546	781,645	149,170	-	8,319,045
Balance at 1 April 2014	1,517,684	5,870,546	781,645	149,170	-	8,319,045
Depreciation for the year	575,354	643,372	-	14,889	-	1,233,615
Impairment	1,269,913	-	(400,482)	-	-	869,431
Disposals	(1,435,556)	(867,162)	-	-	-	(2,302,718)
Balance at 31 March 2015	1,927,395	5,646,756	381,163	164,059	-	8,119,373
Carrying amounts						
At 1 April 2013	18,796,931	3,099,991	-	82,701	25,300	22,004,923
At 31 March 2014	13,157,332	2,469,260	-	69,647	340,800	16,037,039
At 1 April 2014	13,157,332	2,469,260	-	69,647	340,800	16,037,039
At 31 March 2015	15,235,931	2,862,817	411,036	66,728	86,275	18,662,787

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 2014. The valuations were primarily based on the rental capitalisation methodology, depreciated replacement cost is used as a support method.

Total fair value of land and buildings valued by J McKeefry Group and Parent as at 31 March 2014 was $14.490,000. The valuation uses Level two 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 group of $1,269,913 were recognised in 2014/15 (2013/14 $1,463,160). Of the total $512,031 relates to the Farriers building and $757,882 relates to the Featherston SuperValue building. The impairments are due to a combination of earthquake strengthening work to a level well in excess of code requirements and deferred maintenance costs.

Insurance

The Trust House Group and related entities have joined 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 $54 million for fire and $140 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.

The Group has insured the majority of its commercial properties on an indemnity basis and only five on a full replacement basis.

14. INTANGIBLE ASSETS

	Goodwill $	Group Software $	Total $
Cost			
Balance at 1 April 2013	1,110,390	805,935	1,916,325
Additions	-	118,633	118,633
Disposals	-	(259,474)	(259,474)
Balance at 31 March 2014	1,110,390	665,094	1,775,484
Balance at 1 April 2014	1,110,390	665,094	1,775,484
Additions	-	70,855	70,855
Disposals	-	(80,143)	(80,143)
Balance at 31 March 2015	1,110,390	655,806	1,766,196
Amortisation and impairment losses			
Balance at 1 April 2013	439,000	505,436	944,436
Amortisation for the year	-	65,163	65,163
Impairment loss	337,838	125,535	463,373
Disposals	-	(254,979)	(254,979)
Balance at 31 March 2014	776,838	441,155	1,217,993
Balance at 1 April 2014	776,838	441,155	1,217,993
Amortisation for the year	-	53,500	53,500
Disposals	-	(65,945)	(65,945)
Balance at 31 March 2015	776,838	428,710	1,205,548
Carrying amounts			
At 1 April 2013	671,390	300,499	971,889
At 31 March 2014	333,552	223,939	557,491
At 1 April 2014	333,552	223,939	557,491
At 31 March 2015	333,552	227,096	560,648

INTANGIBLE ASSETS (CONTINUED)

(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:

Featherston Post and Lotto Shop

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. The forecast covers a five year period for a portion of the business which would be retained within the Group and moved to another trading unit, regardless of the trading performance of this individual business. The discount rate applied to cash flow projections is 9.0% (2014 9.0%)

Chungs Supermarket

Goodwill was recognised on the 2010 acquisition and has been apportioned to the Featherston SuperValue ($291,000) and The Bottle-O Featherston ($42,552) businesses as these were expected to benefit when the Chungs business ceased trading shortly after being acquired. 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 discount rate applied to cash flow projections is 9.0% (2014: 9.0%).

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

	Group and Parent	
	2015	2014
	$	$
Featherston SuperValue	291,000	291,000
The Bottle-O Featherston	42,552	42,552
Total goodwill	333,552	333,552

(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 twelve 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

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Trade creditors	1,581,272	1,375,451	-	-
Interest payable	8,843	3,575	-	-
Capital payables	80,014	23,637	-	-
Accrued expenses	896,750	891,266	12,712	6,465
Revenue in advance	86,507	77,581	-	-
	2,653,386	2,371,510	12,712	6,465

16. EMPLOYEE ENTITLEMENTS

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Current portion				
Accrued pay	104,320	214,074	-	-
Annual leave	646,981	720,034	-	-
Provision for staff long service / retirement benefits	18,819	40,984	-	-
Sick pay	4,820	4,854	-	-
	774,940	979,946	-	-
Non-Current portion				
Provision for staff long service / retirement benefits	98,596	88,985	-	-
	873,536	1,068,931	-	-

17. BORROWINGS

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

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Non-current liabilities				
Secured bank loans	21,066,500	19,342,500	-	-
Other loans	218,750			
	21,285,250	19,342,500	-	-
Current liabilities				
Bank overdrafts	684,653	198,272	-	-
Secured bank loans	126,000	-	-	-
Other loans	250,000	351,000	-	-
	1,060,653	549,272	-	-

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

Group	Nominal interest rate	Year of maturity	Face value 2015	Carrying amount 2015	Face value 2014	Carrying amount 2014
Secured BNZ Bank loan	5.45%-6.70%	2017	20,850,000	20,850,000	19,000,000	19,000,000
Secured ANZ National Bank loan	6.70%	2017	342,500	342,500		
Other loans	0-3.25%	2016-2024	468,750	468,750	225,000	225,000
Bank overdrafts	8.75%	On demand	684,653	684,653	198,272	198,272
Total interest-bearing liabilities			22,345,903	22,345,903	19,423,272	19,423,272

The ANZ National Bank overdrafts are secured with registered first mortgages over land and buildings with a carrying amount of $7,075,317 (2014: $7,312,000). The ANZ National Bank also has a general charge over Trust House Limited'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. The BNZ loan requires that 12 month rolling interest cover is maintained at 1.50 x EBITDA. As at the 28th December 2014 the 12 month rolling interest cover was 1.38 times EBITDA. The BNZ acknowledged that the required level of interest cover was not met for a period of time but was corrected by 31 March 2015. The cover at year end is 1.60 x EBITDA.

18. CAPITAL AND RESERVES

(a) Group

	Revaluation reserve $	Retained earnings $	Total equity $
Group			
Balance at 1 April 2013	815,594	34,664,530	35,480,124
Total comprehensive income	(392,342)	11,026,181	10,633,839
Equity added to the group as a result of IFRS 10	-	1,555,310	1,555,310
Balance at 31 March 2014	423,252	47,246,021	47,669,273
Balance at 1 April 2014	423,252	47,246,021	47,669,273
Total comprehensive income	(279,196)	1,218,745	939,549
Balance at 31 March 2015	144,056	48,464,766	48,608,822
Parent			
Balance at 1 April 2013	-	7,995,830	7,995,830
Total comprehensive income	-	(1,839)	(1,839)
Balance at 31 March 2014	-	7,993,991	7,993,991
Balance at 1 April 2014	-	7,993,991	7,993,991
Total comprehensive income	-	(6,314)	(6,314)
Balance at 31 March 2015	-	7,987,677	7,987,677

(b) Minority interest

	Revaluation reserve $	Retained earnings $	Total equity $
Balance at 1 April 2013	35,399	1,662,973	1,698,372
Total comprehensive income	(18,824)	529,087	510,263
Equity added to the group as a result of IFRS 10	-	74,624	74,624
Balance at 31 March 2014	16,575	2,266,684	2,283,259
Balance at 1 April 2014	16,575	2,266,684	2,283,259
Total comprehensive income	(13,396)	58,818	45,422
Balance at 31 March 2015	3,179	2,325,502	2,328,681

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 credit 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

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.

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Overdrafts and credit lines in place	1,500,000	1,500,000	-	-

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.

FINANCIAL INSTRUMENTS (CONTINUED)

(a) Liquidity risk

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

Group 2015	Carrying Amount $	Contractual cash flows $	12 months or less $	1-2 years $	2-5 years $	More than 5 years $
Secured bank loans	21,192,500	23,817,773	1,342,324	1,332,572	21,142,877	-
Other loans	468,750	474,705	255,955	25,000	75,000	118,750
Trade and other payables	2,653,386	2,653,386	2,653,386	-	-	-
Bank overdraft	684,653	684,653	684,653	-	-	-
Total non-derivative liabilities	24,999,289	27,630,517	4,936,318	1,357,572	21,217,877	118,750
Group 2014						
Secured bank loans	19,468,500	23,112,172	1,285,140	1,276,742	20,550,290	-
Other loans	225,000	245,155	7,313	7,313	230,529	-
Trade and other payables	2,371,510	2,371,510	2,371,510	-	-	-
Bank overdraft	198,272	198,272	198,272	-	-	-
Total non-derivative liabilities	22,263,282	25,927,109	3,862,235	1,284,055	20,780,819	-
Parent 2015						
Trade and other payables	12,712	12,712	12,712	-	-	-
Total non-derivative liabilities	12,712	12,712	12,712	-	-	-
Parent 2014						
Trade and other payables	6,465	6,465	6,465	-	-	-
Total non-derivative liabilities	6,465	6,465	6,465	-	-	-

(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 $71,358 (2014:$49,077).

FINANCIAL INSTRUMENTS (CONTINUED)

(c) Classification and fair values

Group 2015	Loans and receivables $	At amortised cost $	Total carrying amount $	Fair value $
Assets				
Investments	236,172		236,172	236,172
Trade and other receivables	529,086		529,086	529,086
Prepayments	314,254		314,254	314,254
Cash and cash equivalents	1,568,938		1,568,938	1,568,938
Total assets	2,648,450		2,648,450	2,648,450
Liabilities				
Trade and other payables		2,653,386	2,653,386	2,653,386
Borrowings		22,345,903	22,345,903	22,345,903
Total liabilities		24,999,289	24,999,289	24,999,289
Group 2014				
Assets				
Investments	286,423		286,423	286,423
Trade and other receivables	535,837		535,837	535,837
Prepayments	319,860		319,860	319,860
Cash and cash equivalents	2,152,131		2,152,131	2,152,131
Total assets	3,294,251		3,294,251	3,294,251
Liabilities				
Trade and other payables		2,371,510	2,371,510	2,371,510
Borrowings		19,891,772	19,891,772	19,891,772
Total liabilities		22,263,282	22,263,282	22,263,282
Parent 2015				
Liabilities				
Trade and other payables		12,712	12,712	12,712
Total liabilities		12,712	12,712	12,712
Parent 2014				
Liabilities				
Trade and other payables		6,465	6,465	6,465
Total liabilities		6,465	6,465	6,465

20. OPERATING LEASES

Leases as lessee:

Non-cancellable operating leases are payable as follows:

	Group 2015 $	Group 2014 $
Less than one year	305,053	501,209
Between 1 and 2 years	243,320	400,633
Between 2 and 5 years	264,156	665,200
Over 5 years	-	940,266
	812,529	2,507,308

The Group leases a number of hospitality premises, vehicles and equipment under operating leases. During the year ended 31 March 2015 $427,880 was recognised as an expense in the income statement in respect of operating leases (2014: $531,770).

Leases as lessor:

Non-cancellable operating leases are recievable as follows:

	Group 2015 $	Group 2014 $
Less than one year	230,300	235,550
Between 1 and 2 years	196,113	230,300
Between 2 and 5 years	163,866	359,979
Over 5 years	-	-
	590,279	825,829

21. COMMITMENTS AND CONTINGENCIES

The Group had capital commitments of $342,352 at 31 March 2015 (2014; $2,065,787).

The Group had contingent liabilities of $55,000 as at 31 March 2015 (2014: $55,000) in relation to guarantees provided by ANZ National Bank on behalf of Trust House Limited.

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

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

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Net surplus/(deficit) for year	1,277,563	11,555,269	(6,314)	(1,839)
Add (less) non-cash items:				
Depreciation	1,233,615	1,614,498	-	-
Amortisation	53,500	65,163	-	-
Revaluation of investment properties	(2,580,715)	(17,732,591)	-	-
Revaluation of land & buildings	-	2,501,945	-	-
Provisions	(657,576)	678,744	-	-
Fixed asset impairment	576,839	2,110,547	-	-
Software impairment	-	125,535		
Goodwill impairment	-	337,838	-	-
Loss / (gain) on sale of intangible assets	2,196	(21,470)	-	-
Gain on sale of property, plant & equipment	(54,484)	(49,632)	-	-
Gain on sale of investment property	(115,614)	(670,338)	-	-
Gain on sale of businesses	(149,776)	(152,613)	-	-
Investments issued in lieu of rebates	50,251	74,263	-	-
	(1,641,764)	(11,118,111)	-	-
Add (less) movements in working capital items:				
(Increase)/decrease in receivables & prepayments	89,548	(77,267)	144	(144)
(Increase)/decrease in inventories	(82,462)	416,839	-	-
Increase/(decrease) in charitable distributions payable	891,800	57,116	-	-
Increase/(decrease) in employee entitlements	(195,395)	64,063	-	-
Increase/(decrease) in income tax payable	-	-	-	-
Increase/(decrease) in trade and other payables	225,499	(543,843)	6,247	64
	928,990	(83,092)	6,391	(80)
Net cash flow from operating activites	564,789	354,066	77	(1,919)

23. RELATED PARTY TRANSACTIONS

(i) Parent and ultimate controlling party

The ultimate controlling party of the Group is the Masterton Licensing Trust

(ii) Transactions with key management personnel

Several of the Directors of Trust House Limited and Trustees of Masterton Licencing Trust own or run businesses in their own right. A number of these entities transacted with the Group in the period and are disclosed below. 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.

One senior manager of Trust House Limited is on the board of Destination Wairarapa - a regional tourism promotion body. During the year Trust House Foundation paid Destination Wairarapa grants totalling $241,920 (2014:$256,422). Destination Wairarapa purchased $900 (2014: $3,030) of goods and services from Trust House Limited. The amount outstanding at year end was $409 (2014: $Nil). Trust House purchased advertising from and paid subscriptions to Destination Wairarapa. The value of the purchases was $6,149 (2014: $3,403). The amount outstanding at year end was $115 (2014: $Nil). Trust House Limited provides accounting services to Destination Wairarapa. During the year Destination Wairarapa paid $25,000 (2014 $25,000) for these services.

RELATED PARTY TRANSACTIONS (CONTINUED)

(iii) Key management personnel compensation

	2015 $	2014 $
Salaries and other short term benefits	1,452,583	1,251,370
Post employment benefits	23,606	18,151
Other long term benefits	-	-
Termination benefits	-	-
	1,476,189	1,269,521

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

(iv) Other related party transactions

(a) Masterton Licensing Trust (MLT)

	2015	2014
Shares in Trust House Ltd (number of shares)	8,000,000	8,000,000
	$	$
Management Fees paid by MLT to Trust House Ltd	16,400	16,100
Royalty Fees paid by Trust House Ltd to MLT	63,000	85,500
Loan from MLT to Trust House Ltd	-	-
Trust House Ltd provided goods and services to MLT on an arms length basis	3,838	3,339

(b) Masterton Licensing (Charitable) Trust (MLCT)

	2015	2014
Shares in Trust House Ltd (number of shares)	2,150,000	2,150,000
	$	$
Donations paid by Trust House Ltd to MLCT	38,400	40,500
Management Fees paid by MLCT to Trust House Ltd	38,300	37,500
Trust House Ltd provided goods and services to MLCT on an arms length basis	21,949	20,593

(c) Flaxmere Licensing (Charitable) Trust (FLCT)

	2015	2014
Shares in Trust House Ltd (number of shares)	150,000	150,000
	$	$
Term Loan to Trust House Limited	225,000	225,000
- This loan is repayable upon demand and is unsecured		
Management Fees paid by FLCT to Trust House Ltd	27,300	26,800

(d) Flaxmere Licensing Trust (FLT)

	2015	2014
Shares in Trust House Ltd (number of shares)	337,000	337,000
	$	$
Management Fees paid by FLT to Trust House Ltd	5,500	5,400

(e) Tararua Foundation Incorporated (TF)

	2015 $	2014 $
Management Fees paid by TF to Trust House Ltd	54,700	53,600
Loan advance to TF by Trust House Limited	-	135,000
Grants from Trust House Foundation to TF	-	-
Trust House Ltd provided goods and services to TF on an arms length basis	265	1,155
Amounts owed to Trust House by TF at year end	-	6,276

On 31 March 2015 Trust House Limited purchased all of the assets and liabilities of Tararua Foundation.

RELATED PARTY TRANSACTIONS (CONTINUED)

(f) Trust House Foundation (THF)

i Trust House Foundation is an independent trust. Some of the Directors of Trust House Ltd are also Trustees of Trust House Foundation.

ii Gaming Machine proceeds are generated in the premises of the Rimutaka Licensing Trust and the Trust House Ltd. By agreement the Trust House Foundation allows the charitable arms of these two organisations and the Flaxmere Licensing (Charitable) Trust to call for donations from the Trust House Charitable Trust. Once they are approved by the charitable arms, payment is made by the Trust House Foundation direct to the organisation receiving the grant.

Details of the funds available and grants approved are:

	2015 $	2014 $
Funds available 1st april	597,611	435,562
Net surplus before charitable distributions	2,202,539	2,852,150
Grants unclaimed	1,562,664	26,249
Grants approved	(3,594,244)	(2,716,350)
Funds available 31st March	768,570	597,611

Trust House Ltd is responsible for administering Trust House Foundation.

	2015 $	2014 $
Site rentals paid by THF to Trust House Ltd	610,871	769,498
Management fees paid by THF to Trust House Ltd	500,000	476,600

THF has paid the following entities for services performed by the entities on behalf of THF:

	2015 $	2014 $
Masterton Licensing Charitable Trust	46,000	46,000
Rimutaka Trust	34,500	34,500
Flaxmere Licensing Charitable Trust	34,500	34,500
	115,000	115,000

THF has paid the following grants:

	2015 $	2014 $
Masterton Licensing Charitable Trust	24,422	24,990
Rimutaka Trust	-	8,367
Flaxmere Licensing Charitable Trust	6,855	9,438
	31,277	42,795

As at 31 March 2015, the Trust House Foundation owed Trust House Limited $67,809 (2014: $91,438).

(g) Rimutaka Licensing Trust (RLT)

Trust House has an agreement to manage the operations of the Rimutaka Licensing Trust.

	2015 $	2014 $
Management fees paid by RLT to Trust House Ltd	75,000	75,000
Site rentals paid by Trust House Foundation to RLT	98,943	98,938
Owed to Trust House Limited for payments made on behalf of RLT	2,881	1,771

(h) Rimutaka Trust (RT)

	2015 $	2014 $
Management Fees paid by RT to Trust House Ltd	27,336	26,800

24. PROVISIONS

		Group 2015 $	Group 2014 $
Onerous contracts	(i)	-	669,000
Property reinstatement	(ii)	85,730	130,654
Total Provisions		85,730	799,654
Represented as:			
Current provisions		14,850	95,923
Non current provisions		70,880	703,731
Total provisions		85,730	799,654

(i) Onerous contracts

	Group 2015 $	Group 2014 $
Opening balance at 1 April	669,000	-
Provisions added	-	669,000
Provisions released	(669,000)	-
Closing Provision at 31 March	-	669,000

Onerous contract provisions were recognised in the prior year when the costs of complying with a contract exceed the expected benefits to be gained from the contract. Trust House Limited has sold the two premises giving rise to the provision and has therefore released the provision in the current year.

(ii) Property reinstatement provisions

	Group 2015 $	Group 2014 $
Opening balance at 1 April	130,654	120,910
Provisions added	11,424	9,744
Outlets sold	(56,348)	-
Closing provision at 31 March	85,730	130,654

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

The property reinstatement provision is the present value of the estimated future cost to reinstate the leased premises to their orignal condition.

25. GROUP ENTITIES

Subsidiaries

Trust House Foundation and Tararua Foundation are controlled entities.

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

26. TAXATION

The Taxation Expense has been calculated as follows:

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Components of tax expense				
Current tax	-	-	-	-
Prior period adjustments	-	-	-	-
	-	-	-	-
Surplus / (deficit) before tax and donations	4,800,239	14,247,277	(6,314)	(1,839)
Charitable donations	(3,522,676)	(2,692,008)	-	-
Surplus before tax	1,277,563	11,555,269	(6,314)	(1,839)
Taxation at 28% (2012: 28%)	357,718	3,235,475	(1,768)	(515)
Plus (less) tax effect of:				
Non taxable income	359,486	3,235,990	-	-
Tax loss utilised	-	-	-	-
Tax loss	(1,768)	(515)	(1,768)	(515)
Taxation expense	-	-	-	-

A deferred tax asset has not been recognised in relation to tax losses of $36,540 (2014: $30,226).

27. SUBSEQUENT EVENTS

Trust House Limited has acquired the business of "The Ledge" a public bar operating in Porirua. As a result the Trust House Foundation has gained the gaming in this venue. Two other independent public bars in Porirua have agreed to Trust House Foundation becoming their Class IV Gaming Society. This is expected to increase group operating profit by an estimated $1.5 million in the current year.

28. CAPITAL MANAGEMENT

The Group's capital includes 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.

independent auditor's report

Masterton Licensing Trust and Group's financial statements for the year ended 31 March 2015

The Auditor General is the auditor of Masterton Licensing Trust and its subsidiaries and other controlled entities. The Auditor General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the group, consisting of Masterton Licensing Trust and its subsidiaries and other controlled entities (collectively referred to as "the Group"), on her behalf.

Opinion

We have audited the financial statements of the Group on pages pages 72 to 98, that comprise the statement of Financial Position as at 31 March 2015, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, and the notes to the Financial Statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the Group:

- present fairly, in all material respects:
  - its financial position as at 31 March 2015; and
  - its financial performance and cash flows for the year then ended; and
- have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Our audit was completed on 18th September 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the AuditorGeneral's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Group's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Trustees;
- the adequacy of the disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. Also we did not evaluate the security and controls over the electronic publication of the financial statements.

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

Responsibilities of the Trustees

The Trustees are responsible for the preparation and fair presentation of financial statements for the Group, in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

The Trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustees are also responsible for the publication of the financial statements, whether in printed or electronic form.

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit.

Our responsibility arises from section 15 of the Public Audit Act 2001 and the Sale and Supply of Alcohol Act 2012.

Independence

When carrying out the audit, we followed the independence requirements of the AuditorGeneral, which incorporate the independence requirements of the External Reporting Board.

Other than the audit and the audit report on the Licensing Trust's subsidiary Trust House Foundation's forecast financial statements for the year ending 31 March 2016 in accordance with the requirements of the Department of Internal Affairs, we have no relationship with or interests in the Group.

Leon Pieterse

AUDIT NEW ZEALAND

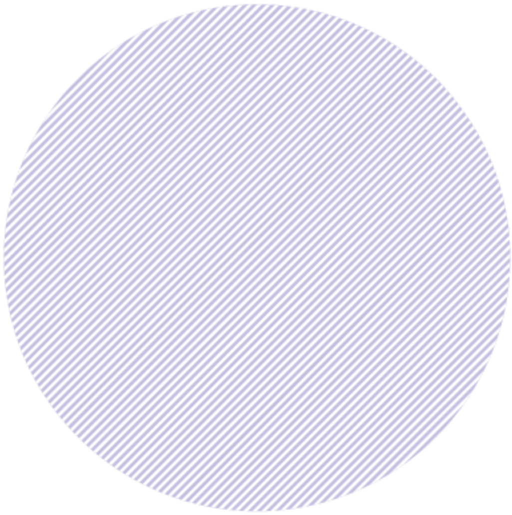
On behalf of the Auditor General
Auckland, New Zealand

MASTERTON LICENSING (CHARITABLE) TRUST – Grants

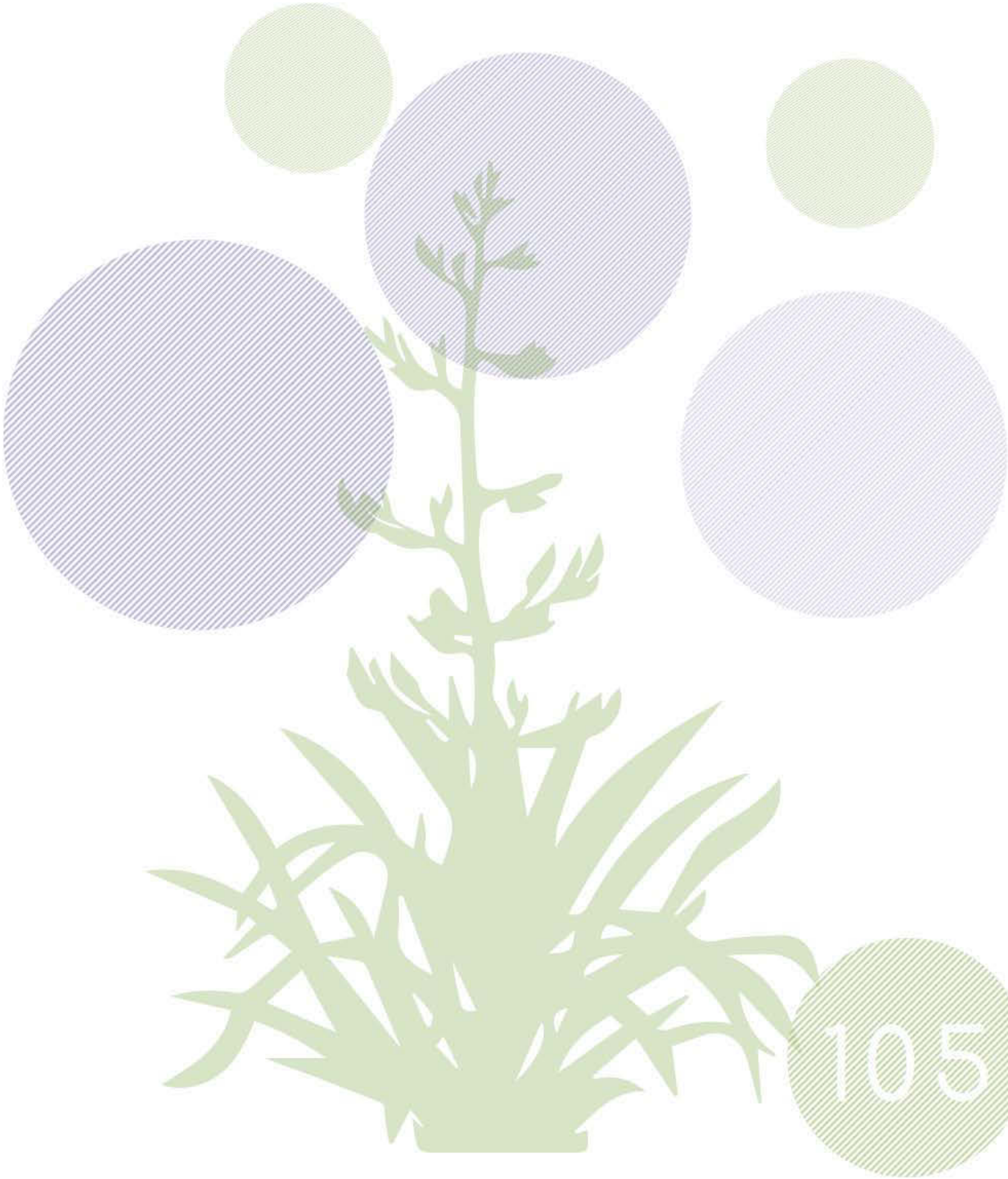
Organisation	Approved $
Access Radio Wairarapa Charitable Trust	1,500
Accident Injury Support Trust	1,500
Age Concern Wairarapa WOOPS Inc	5,000
Alfredton School Board of Trustees	3,000
All Kiwi Sports Club Inc	150,000
Alzheimers Society Manawatu	1,000
Alzheimers Society Wellington Inc	1,000
Aquajets	294
Aratoi Regional Trust	117,000
Arthritis Foundation of NZ Inc	2,000
Arts Culture and Heritage Trust - Toi Wa	6,000
Aspire Incorporated	729
Athletics Masterton Inc	2,500
Athletics Wairarapa Inc	4,500
Autism Wairarapa Charitable Trust	3,000
Bowls Wairarapa Inc	3,000
Brain Injury Association Central Districts Inc	1,000
Cancer Society Wairarapa Dragon Boat Team Inc	1,500
Canteen Central	1,000
Carterton Film Society	2,500
Carterton Junior Soccer Club	1,000
Carterton Playcentre	700
Carterton Rugby Club JAB	1,500
Carterton Swimming Club Inc	1,500
Castlepoint Fishing Club Inc	1,000
Castlepoint Ratepayers and Residents Assn	2,000
Community Budgeting Trust (Wairarapa) Inc	1,608
Community Media Trust	10,000
Connecting Communities Wairarapa Inc	6,000
Cross Creek Rail Society	10,000
Destination Wairarapa Inc	241,920
Diabetes NZ Wellington Inc	750
Dressage Wellington	2,000
East Coast Rugby Football Club Inc	800
Eketahuna Community Charitable Trust	2,000
Eketahuna Community Radio Society Inc	1,000
Endurance New Zealand	1,500
Eventing Wairarapa	5,000
Family Works Wairarapa Presbyterian Support Central	7,500
Featherston Christmas Market Trust	2,000
Featherston Hockey Club Inc	750
Featherston Menz Shed Inc	35,000
Featherston Netball Club	1,500
Feilding Industrial Agricultural and Pastoral Assn	1,500
Feilding Playcentre	2,000
Feilding Surfcasting Club (FSC)	600
Feilding Tennis Club	4,750
Gladstone Womens Hockey Club	1,500
Golden Shears International Shearing Inc Championships Society	28,000
Greytown Arts Festival Inc	3,500
Greytown Community Creche Inc	1,000
Greytown Community Gym Inc	1,500
Greytown Community Sport & Leisure Society Inc	5,000
Greytown JAB	2,000
Greytown Kia Kaha Junior Hockey Club Inc	1,500
Greytown Lioness Club	850
Hato Paora Board of Trustees	2,000
He Kahui Wairarapa Inc	2,000
Heartland Wairarapa Football Club Inc	15,000
Henley Mens Shed Inc	3,000
Hospice Wairarapa Community Trust	15,000
Independence Games	600
Island Bay Enhancement Trust	2,000
Island Bay Home and School Association Inc	500
Island Bay Playcentre	1,000
Island Bay Tennis and Squash Club Inc	1,000
Island Bay United AFC	8,500
Kahutara School	600
Kaibosh Food Rescue	2,000
Kia Kaha Womens Hockey Club	1,000
Kids Kai Time Charitable Trust	5,000
Kidzstuff Theatre For Children Inc	1,000
King Street Artworks Inc	13,000
Kuranui College Board of Trustees	5,600
Lakeview School Board of Trustees	2,500
Lansdowne Cricket Club Inc	2,000
Lansdowne Scout Committee	1,000
Lifeline New Zealand Inc	5,000
Lions Club of Carterton Charitable Trust	5,000
Lyall Bay Surf Life Saving Club Inc	700
Mahunga Golf Club Inc	7,000
Makoura College Board of Trustees	38,747
Makoura Community Early Childhood Centre	1,259
Mamaternity Charitable Trust	760
Manawatu Cricket Association Inc	500
Manawatu Scottish Pipe Band Inc	1,000
Manawatu West Coast Area Pony Club Inc	1,500
Manchester House Inc	1,000
Mangatainoka Domain Board	2,000
Marist Rugby Football Club Masterton Inc	3,000
Martinborough Business Association Inc	7,000
Martinborough Events Trust	2,000
Martinborough Hockey Club	619
Martinborough Soccer Club	750
Masterton A & P Association	6,000
Masterton Apostolic Church Trust	5,000
Masterton Association Football Club Inc	2,000
Masterton Bowling Club Inc	4,000
Masterton Christian Child Care Programme	2,000
Masterton Community Church	1,000
Masterton District Brass Band Inc	1,200
Masterton District Council	94,500
Masterton District Library	3,500
Masterton Eketahuna Pro-am	3,500
Masterton Licensing (Charitable) Trust	35,000
Masterton Miniature Train Society Inc	3,000
Masterton Racing Club Inc	5,000
Masterton Red Star Rugby Club	2,500
Masterton Returned and Services Association Inc	5,000
Masterton Rifle Club Inc	2,500
Mauriceville School Board of Trustees	1,000
Muscular Dystrophy Assn Wellington	1,000
Netball Wairarapa Inc	218,000
New Pacific Studio Inc	1,500
New Zealand Choral Federation - Wellington Region	2,500
New Zealand Hockey Federation Inc	30,000
New Zealand Marist Rugby Football Federation	2,000
New Zealand Red Cross Wairarapa Branch	1,000
Ngati Kahungunu Ki Wairarapa	3,000

Organisation	Approved $
Ngati Kahungunu ki Wairarapa Tamaki Nui a Rua Trust	4,500
NZ Council of Victim Support Groups - Wairarapa	3,000
NZ Equestrian Federation - Wairarapa Branch	5,000
Oasis Charitable Trust Wairarapa	4,000
Opaki School Board of Trustees	4,500
Pahiatua Community Services Trust	1,000
Pahiatua On Track Inc	2,000
Pahiatua Railcar Society Inc	3,000
Pirinoa School	5,000
Pre Shears Woolhanding Championships	1,200
Pukaha Mount Bruce Board	270,000
Rally Wairarapa Inc	30,000
Red Star Cricket Club	1,500
Red Star Squash Club	5,000
Red Star Veterans Table Tennis Club	2,000
Red Star Womens Hockey	800
Rimutaka Kindergarten Assn Inc Carterton	1,000
Rimutaka Kindergarten Assn Inc Lansdowne	500
Riversdale Beach Golf Club	8,000
Riversdale Beach Surf Lifesaving Club Inc	3,000
Rotary Club of Carterton Charitable Trust	4,000
Rotary Club of Masterton Charitable Trust	1,000
Royal New Zealand Foundation of the Blind	1,500
Samaritans of Wellington Inc	1,000
Skylight	2,500
Solway College	3,000
South Wairarapa District Council	150,000
Southern Wairarapa Safer Community Council	7,000
Sport Wellington	5,000
St James Union Parish	440
St John Wairarapa District	8,080
St Mary’s Parish Carterton	2,000
St Teresa’s School (Featherston) Board of Trustees	2,000
Stagecraft Theatre Inc	1,000
Stopping Violence Services Wairarapa	8,000
Street Youth Ministries Trust Inc	10,000
Stroke Foundation Central Region Inc	3,000
Tararua College Board of Trustees	1,000
Te Manawa Services	2,000
Te Wharau Hall Society Inc	1,528
The Carter Society Inc	3,000
The Cobblestone Trust	40,000
The Crossing 1915-1918	6,000
The Enviroschools Foundation	1,500
The Family Space Charitable Trust	750
The Friends of Millennium Native Forest Reserves Society Inc	5,000
The Greytown Football Club Inc	1,000
The House of Grace Trust Inc	2,000
The Lions Club of Featherston Charitable Trust	1,000
The Masterton Art Club Inc	1,000
The Mauriceville/Kopuaranga Fair Assn Inc	750
The Parenting Place - Attitude Division	1,000
The Wairarapa Regional All Weather Track Trust	7,500
UCOL @ Wairarapa - Scholarship	1,500
Wainuioru School	4,000
Wairarapa Agricultural & Pastoral Society Inc	10,000
Wairarapa Arts Festival Trust	50,000
Wairarapa Balloon Society Inc	30,000
Wairarapa Bird Club Inc	800

Organisation	Approved $
Wairarapa Bush Rugby Football Union Inc	405,000
Wairarapa Cancer Society Inc	15,000
Wairarapa College	21,000
Wairarapa Community Centre Inc	3,000
Wairarapa Community Counselling Centre Inc	5,000
Wairarapa Community Law Centre Inc	4,000
Wairarapa Cricket Association Inc	12,500
Wairarapa Dressage Group	1,000
Wairarapa Gun Club Inc	35,000
Wairarapa Harness Racing Club Inc	3,000
Wairarapa Herb Society Inc	2,000
Wairarapa Hockey Association Inc	4,500
Wairarapa Hunt Inc	5,000
Wairarapa Jetsprint Club Inc	6,500
Wairarapa Kennel Association Inc	1,000
Wairarapa Maori Wardens	1,000
Wairarapa Mathematics Association	1,000
Wairarapa National Council of Women	500
Wairarapa Police Club	3,500
Wairarapa Racing Club Inc	500
Wairarapa REAP	1,000
Wairarapa Resource Centre Inc	4,000
Wairarapa Schizophrenia Fellowship	750
Wairarapa Sports Artificial Surface Trust	190,000
Wairarapa Tennis Assn Inc	6,000
Wairarapa United Football Club Inc	15,000
Wairarapa Wellington Area - NZ Pony Assn Inc	1,000
Wairarapa Wines Inc	3,000
Wairarapa Women’s Centre	2,500
Wairarapa Workforce Development Trust	4,000
Waterside Karori AFC Inc	500
Wellington Culinary Events Trust Inc	7,500
Wellington Hockey Association Inc	3,500
Wellington Museums Trust Inc	2,500
Wellington Orienteering Club Inc	500
Wellington Rape Crisis Inc	3,000
Wellington Regional Orchestra Foundation	4,000
Wellington Repertory Theatre Inc	500
Wellington Sexual Abuse HELP Foundation	2,000
Wellington Volunteer Centre	1,000
Whaiora Whanui GP Services	5,000
Whakataki Marae Charitable Trust	500
Whanau Manaaki Kindergartens - Martinborough	2,000
Whanau Manaaki Kindergartens - Meta Riddiford	2,500
Wings Over Wairarapa Community Trust	80,000
WOOPS A Daisies Leisure Marching Team	800
Y M C A Masterton	1,500
Yarns in Barns Wairarapa Festival of Reading	1,250
Youthline Palmerston North	900
Total grants appoved	**2,909,134**
Reversed/reduced	**1,539,427**
Total	**1,369,707**



FLAXMERE
Licensing Trust



President's Report

THE MEMBERS OF THE FLAXMERE LICENSING TRUST HAVE MUCH PLEASURE IN PRESENTING THE ANNUAL REPORT AND ACCOUNTS

for the year ending 31 March 2015

HIGHLIGHTS OF THE YEAR

- The return of $477,747 of community support to Flaxmere
- Working with our Flaxmere schools
- Supporting sport and health activities in Flaxmere
- The driver licensing initiative for our college students

REVIEW OF THE TRUST

The presence of the Flaxmere Licensing Trust has continued to be a force for good in our community of Flaxmere and after 39 years of existence, the Trust along with the overarching entity of Trust House Ltd, has remained supportive of, or involved in, many of the great initiatives that have benefited Flaxmere over these years. During this same period drinking habits and legislation has changed quite dramatically with the result the ongoing sustainability of the Trust structure as we now know it, will need to adapt to ensure Flaxmere continues to benefit as it has in the past. While the Trust will be willing to adapt it remains frustrated with the inability of the Village to progress and open up its access to provide the all-inclusive environment between the Village, Community Centre, Pool Complex and the Flaxmere Tavern. Such an environment is seen to be necessary to encourage the commercial investment needed to create the vibrant hub that Flaxmere so desires. The improved pedestrian link between the Village and the Community Centre is encouraging but a true vehicle pathway is required to enable the Village to fully integrate with the amenities behind the shops and for a true communal centre to flourish.

Despite the lack of village development, Flaxmere and the greater Hastings area have again been blessed with a fruitful growing season, much to the pleasure of the horticultural industries that surround our communities. This as always, bodes well for Flaxmere as this contributes significantly to the employment opportunities and the inherent wealth these opportunities generate and feed into the well-being of our Flaxmere community.

During the past year grants to the valve of $477,747 were distributed for the benefit of the Flaxmere community. In all 59 grants to were made to groups and organisations in support of their respective projects and services. In line with current policy, education again enjoyed the greatest allocation with $170,800 being spread between our schools and other educational initiatives. Amongst these was the major grant of $100,000 to our Flaxmere school cluster in support of IT initiatives, a field where our schools have led and excelled. The early childhood HIPPY program and the Trust's tertiary scholarship make up in part the remaining contribution the Trust has made to education. As with last year the Trust continued to support the efforts of the "Got Drive Community Trust" by providing funds to assist eligible Flaxmere college students in the attainment of their vehicle driving licenses. By becoming fully licensed we expect our students to be more self-assured and their employment opportunities greatly enhanced.

Sport was the next major beneficiary. As with education, sport is seen as an essential character building ingredient in the development of our youth and in preparation to them entering the work force. Accordingly, $108,500 was shared among a number of sporting clubs and sporting projects active within our community. As Sport tends to go hand in hand with health, grants to this sector amounted to a further $66,800 much of which was again in support of our young and our youth.

Community activities and welfare made up the greater proportion of the remaining grants with our elderly and cultural groups being the greater beneficiaries.

FLAXMERE LICENSING TRUST – President's Report

The following is a pie chart depicting how the $477,747 of support for 2014/15 year was allocated:

Trustees Of The Flaxmere Licensing Trust

It is again appropriate to thank the Flaxmere Tavern staff for their support during the year and for the contribution they have made towards the success of the operation. The professionalism and experience emanating from the staff of Trust House Ltd must also be acknowledged. Their enthusiasm for the concept of community ownership is special and is a major force behind the Flaxmere Licensing Trust. Thank you one and all for your effort and support.

Ken Kibblewhite
PRESIDENT

financial statements

INCOME STATEMENT

For the year ended 31 March 2015

	Note	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Income					
Revenue		41,355	43,938	-	-
Interest received		13,221	12,591	2,775	2,617
Total income		**54,576**	**56,529**	**2,775**	**2,617**
Operating expenses					
Administration and financial		42,535	45,371	10,196	13,967
Audit fees		8,617	8,366	4,691	4,554
Trustees fees		16,225	15,325	-	-
Total operating expenses		**67,377**	**69,062**	**14,887**	**18,521**
Net surplus / (deficit) before tax and charitable donations		**(12,801)**	**(12,533)**	**(12,112)**	**(15,904)**
Charitable donations		(8,855)	(10,019)	-	-
Tax expense	*7*	-	-	-	-
Net surplus / (deficit) for year		(21,656)	(22,552)	(12,112)	(15,904)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Net surplus / (deficit) for the Year	**(21,656)**	**(22,552)**	**(12,112)**	**(15,904)**
Other comprehensive income	-	-	-	-
Total comprehensive income	**(21,656)**	**(22,552)**	**(12,112)**	**(15,904)**

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Equity at start of the year	**1,577,245**	**1,599,797**	**1,132,564**	**1,148,468**
Total comprehensive income	(21,656)	(22,552)	(12,112)	(15,904)
Equity at end of the year	**1,555,589**	**1,577,245**	**1,120,452**	**1,132,564**

STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Note	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Current assets					
Cash and cash equivalents	4	97,786	111,717	92,220	105,110
Short term investments	5	61,139	68,485	-	-
Receivables and prepayments		1,385	1,397	-	-
Loan advance		225,000	225,000	-	-
Taxation receivable		3,286	2,370	2,183	1,267
Total current assets		**388,596**	**408,969**	**94,403**	**106,377**
Non-current assets					
Investments	6	1,180,740	1,180,740	1,030,740	1,030,740
Total non-current assets		**1,180,740**	**1,180,740**	**1,030,740**	**1,030,740**
Total assets		**1,569,336**	**1,589,709**	**1,125,143**	**1,137,117**
Current liabilities					
Trade and other payables	10	9,747	10,464	4,691	4,553
Charitable distributions due		4,000	2,000	-	-
Total current liabilities		**13,747**	**12,464**	**4,691**	**4,553**
Non-current liabilities					
Deferred tax liability	7	-	-	-	-
Total non-current liabilities		-	-	-	-
Equity					
Retained earnings		1,555,589	1,577,245	1,120,452	1,132,564
Total equity		**1,555,589**	**1,577,245**	**1,120,452**	**1,132,564**
Total liabilities and equity		**1,569,336**	**1,589,709**	**1,125,143**	**1,137,117**

Signed on behalf of Flaxmere Licensing Trust

Ken Kibblewhite
PRESIDENT

Allan Pollard
CHIEF EXECUTIVE

THE ACCOMPANYING NOTES AND ACCOUNTING POLICIES FORM PART OF, AND SHOULD BE READ IN CONJUNCTION WITH, THESE FINANCIAL STATEMENTS.

STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Note	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Cash flows from operating activities					
Cash was provided from:					
Grants received		41,355	43,938	-	-
Interest received		13,233	12,953	2,775	2,617
		54,588	56,891	2,775	2,617
Cash was applied to:					
Payments to suppliers and employees		68,094	69,731	14,749	19,337
Charitable donations		916	10,019	-	-
Tax paid		6,855	1,966	916	863
		75,865	81,716	15,665	20,200
Net cash flows from operating activities	*8*	**(21,277)**	**(24,825)**	**(12,890)**	**(17,583)**
Cash flows from investing activities					
Cash was provided from:					
Reduction in short term deposits		10,000	10,000	-	-
		10,000	10,000	-	-
Cash was applied to:					
Increase in short term deposits		(2,654)	(2,208)	-	-
		(2,654)	(2,208)	-	-
Net cash flows from investing activities		**7,346**	**7,792**	-	-
Net (decrease) / increase in cash held		(13,931)	(17,033)	(12,890)	(17,583)
Opening cash balance		111,717	128,750	105,110	122,693
Closing cash balance		**97,786**	**111,717**	**92,220**	**105,110**
This balance is made up as follows:					
Cash and cash equivalents		97,786	111,717	92,220	105,110
		97,786	**111,717**	**92,220**	**105,110**

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

These financial statements have been prepared in accordance with the Sale of Liquor Act 1989. The Flaxmere Licensing Trust is a licensing trust established in accordance with the Sale of Liquor Act 1989. The consolidated financial statements of Flaxmere Licensing Trust as at and for the year ended 31 March 2015 comprise of the Flaxmere Licensing Trust and Flaxmere Licensing (Charitable) Trust (a controlled entity).

2. BASIS OF PREPARATION

(a) Statement of compliance

The Financial Statements have been prepared in accordance with NZ Generally Accepted Accounting Practice (NZ GAAP) and comply with the New Zealand equivalent to International Financial Reporting Standards (NZ IFRS). Under the terms of the Accounting Standards Framework issued by the External Reporting Board (XRB) the Trust has designated itself a Tier two for profit entity and therefore applies Tier two Accounting Standards (NZ IFRS Reduced Disclosure Regime).

The Trust is a qualifying 'tier two' entity as it meets the following criteria:

- the entity does not have public accountability; and
- the entity's expenses are less than $30 million.

The general accounting principles as appropriate for the measurement and reporting of results and financial position under the historical cost method have been followed in the preparation of these financial statements.

The financial statements were approved by the Trustees on 5th May 2015.

The 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.

(c) Functional and presentation currency

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

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 Flaxmere Licensing Trust and its subsidiary at 31 March each year ('the Group').

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

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances, call deposits and term deposits with a term 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 cost less impairment losses.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

Investments in equity securities

Investments in equity securities held by the Group are measured at cost.

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.

Income Tax

The Flaxmere Licensing Trust is subject to income tax, but the Flaxmere Licensing (Charitable) Trust is exempt from income tax as a charity.

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 is 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 company 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.

Goods and Services Tax

These accounts are prepared on a GST inclusive basis as the Trust cannot claim GST on its expenses.

Charitable donations

Charitable Donations are recognised when approval is given.

Critical accounting estimates and assumptions

In preparing these financial statements Flaxmere Licensing Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. CASH AND CASH EQUIVALENTS

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Bank balances	97,786	111,717	92,220	105,110
Cash and cash equivalents	97,786	111,717	92,220	105,110

The carrying value of cash and cash equivalents approximate their fair value

5. SHORT TERM INVESTMENTS

As at balance date the following term deposits were held

	Registered Bank	Interest Rate	Term	Matures	$
2015	ANZ Bank	4.30% p.a.	1 year	21 September 2015	61,139
2014	ANZ Bank	3.85% p.a.	1 year	22 September 2014	68,485

6. INVESTMENTS

These investments are considered to be long term.

Details of shares are:

	Group 2015	Group 2014	Parent 2015	Parent 2014
Trust House Ltd – number of shares held	487,000	487,000	337,000	337,000
Trust House Ltd – value of shares at cost	1,180,740	1,180,740	1,030,740	1,030,740
Term Loan to Trust House Ltd	225,000	225,000	-	-
	1,405,740	1,405,740	1,030,740	1,030,740

The loan to Trust House Limited is repayable on demand and is not secured.

The interest rate applicable as at 31 March 2015 was 3.50% (2014: 3.25%). Interest received in 2014/15 was $7,735 (2014: $6,986).

7. TAXATION

The taxation expense has been calculated as follows:

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Components of tax expense				
Current tax	-	-	-	-
Prior period adjustments	-	-	-	-
	-	-	-	-
Surplus before tax and donations	(12,801)	(12,533)	(12,112)	(15,904)
Charitable donations	(8,855)	(10,019)	-	-
Surplus before Tax	(21,656)	(22,552)	(12,112)	(15,904)
Taxation at 28%	(6,064)	(6,315)	(3,391)	(4,453)
Plus (less) tax effect of:				
Non taxable income	2,673	1,862		
Tax loss not recognised	3,391	4,453	3,391	4,453
Taxation expense	-	-	-	-

A deferred tax asset has not been recognized in relation to tax losses of $106,923 (2014:$94,811).

8. RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

The reconciliation of net surplus to net cash inflows from Operating Activities is as follows:

	Group 2015 $	Group 2014 $	Parent 2015 $	Parent 2014 $
Net surplus / (deficit) for year	(21,656)	(22,552)	(12,112)	(15,904)
Add (less) movements in working capital items:				
(Increase)/decrease in receivables and prepayments	12	362	-	-
Increase/(decrease) in payables and accruals	(717)	(669)	138	(816)
Increase/(decrease) in charitable Distributions due	2,000	-	-	-
(Increase)/decrease in provision for taxation	(916)	(1,966)	(916)	(863)
	379	(2,273)	(778)	(1,679)
Add (less) movements in deferred tax:				
Increase/(decrease) in deferred tax	-	-	-	-
	-	-	-	-
Net cash flow from operating activities	(21,227)	(24,825)	(12,890)	(17,583)

9. CONTINGENT LIABILITIES AND COMMITMENTS

The Group has no contingent liabilities or commitments as at 31 March 2015 (2014: Nil).

10. FINANCIAL INSTRUMENTS

Classification and fair value

The carrying amount of financial instruments approximates their fair value.

Liquidity risk

Exposure to liquidity risk arises in the normal course of the Trust's business.

Liquidity risk represents the Trust's ability to meet its contractual obligations. The Trust evaluates its liquidity requirements on an ongoing basis. In general; the Trust generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities.

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

	12 months or less	1-2 years	2-5 years	More than 5 years
Group				
2014 Trade and other payables	10,464	-	-	-
Charitable distributions due	2,000	-	-	-
	12,464	-	-	-
2015 Trade and other payables	9,747	-	-	-
Charitable distributions due	4,000	-	-	-
	13,747	-	-	-
Parent				
2014 Trade and other payables	4,553	-	-	-
2015 Trade and other payables	4,691	-	-	-

11. RELATED PARTY TRANSACTIONS

(a) Trust House Foundation

The President of the Flaxmere Licensing Trust is a Trustee of the Trust House Foundation. By arrangement, the Trust House Foundation accepts recommendations from the Trustees of the Flaxmere Licensing (Charitable) Trust for grants to be distributed within their area, from the proceeds of the gaming machines in Trust House Limited premises.

Details of the funds available and grants approved are:

	2015 $	2014 $
Funds available 1st April	175,909	81,408
Net surplus before charitable distributions	441,626	433,479
Grants unclaimed	3,170	5,093
Grants approved	(477,747)	(344,071)
Funds available 31st March	142,958	175,909

In 2014/15 the Trust House Foundation made charitable distributions of $6,855 to the Flaxmere Licensing (Charitable) Trust (2013/14: $9,438).

In 2014/15 the Trust House Foundation paid the Flaxmere Licensing (Charitable) Trust $34,500 for services on behalf of the Trust House Foundation (2014: $34,500).

(b) Key management personnel

Key management personnel comprises of the Trustees of the Flaxmere Licensing Trust.

Key management personnel compensation	Group 2015 $	Group 2014 $
Trustees fees and other short term benefits	16,225	15,325
Post employment benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-
	16,225	15,325

12. CAPITAL MANAGEMENT

The Trust's capital includes retained earnings. Equity is represented by net assets. The Trust manages its revenues, expenses, assets, liabilities and general financial dealings prudently. The Trust equity is largely managed as a by product of managing revenue, expenses, assets and liabilities.

The objective of managing the Trust's equity is to ensure the Trust achieves its goals and objectives for which it has been established, whilst remaining a going concern.

independent auditor's report

To the readers of Flaxmere Licensing Trust and Group's financial statements for the year ended 31 March 2015

The Auditor General is the auditor of Flaxmere Licensing Trust and its subsidiaries and other controlled entities. The Auditor General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Group, consisting of Flaxmere Licensing Trust and its subsidiaries and other controlled entities (collectively referred to as "the Group"), on her behalf.

Opinion

We have audited the financial statements of the Group on pages pages 109 to 116, that comprise the Statement of Financial Position as at 31 March 2015, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the Group:

- present fairly, in all material respects:
  - its financial position as at 31 March 2015; and
  - its financial performance and cash flows for the year then ended; and
- have been prepared in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Our audit was completed on 18th September 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the AuditorGeneral's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Group's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Trustees;
- the adequacy of the disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. Also we did not evaluate the security and controls over the electronic publication of the financial statements.

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

independent auditor's report (continued)

Responsibilities of the Trustees

The Trustees are responsible for the preparation and fair presentation of financial statements for the Group, in accordance with [the applicable financial reporting framework].

The Trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustees are also responsible for the publication of the financial statements, whether in printed or electronic form.

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

Responsibilities of the Auditor

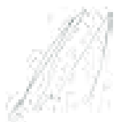
We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit.

Our responsibility arises from section 15 of the Public Audit Act 2001 and the Sale and Supply of Alcohol Act 2012.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the External Reporting Board.

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



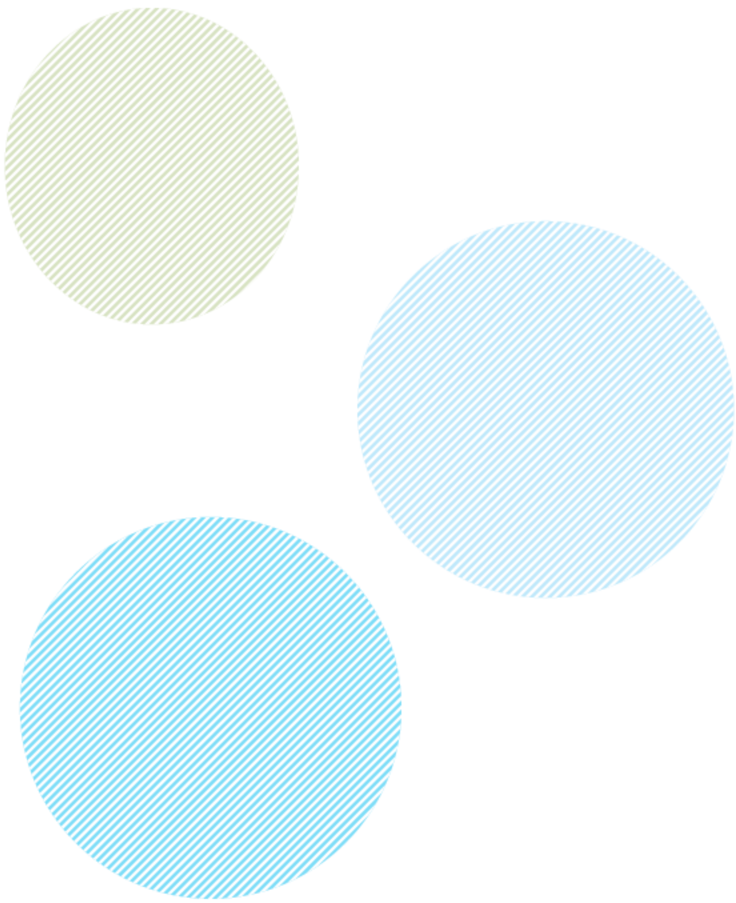
Leon Pieterse

AUDIT NEW ZEALAND

On behalf of the Auditor General
Auckland, New Zealand

Organisation	Amount $
Accident Injury Support Trust	3,000
Age Concern Flaxmere Inc	20,000
Art Hawkes Bay Inc	1,000
Arthritis Foundation of New Zealand	2,000
Basketball Hawkes Bay Inc	8,000
Birchleigh Polo	4,000
Birthright (HB) Child and Family Care Trust	2,000
Blue Light Ventures	6,000
Brain Injury Association (HB) Inc	4,000
Cranford Hospice (Presbyterian Support East Coast)	20,000
Creative Hastings Inc	1,500
Crime Prevention Education Foundation	3,614
Disability Resource Centre (HB) Trust	2,000
DOVE Hawkes Bay	2,000
Family Works Hawkes Bay (Presbyterian Support East Coast)	28,000
Fastpitch Softball Club	2,000
Flaxmere Community Patrol	18,000
Flaxmere Licensing (Charitable) Trust	16,000
Flaxmere Schools Cluster	100,000
Frangee Pangee Committee	3,000
Got Drive Community Trust	8,000
Hastings Budget Advisory Service Inc	6,000
Hastings District Council	35,000
Hastings Foodbank Trust	5,000
Hawke's Bay Cook Island Community Centre Society Inc	5,000
Hawkes Bay Cricket Assoication	2,000
Hawke's Bay Multisports Club	2,400
Hawkes Bay Softball Association	5,000
Heretaunga Swimming Club	20,000
Heretaunga Women's Centre	3,000

Organisation	Amount $
Hibernian AFC Inc	12,000
Jireh Charitable Trust Hawkes Bay	5,000
Kiwi Adventure Trust	6,000
Kowhai School	1,800
Leg-Up Trust	15,000
Life Education Trust Hawke's Bay	2,500
Ngati Kahungunu Iwi Inc	10,000
Ngati Kahungunu Ki Heretaunga Inc	2,000
NZ Council of Victim Support Groups Hastings	2,000
Ocean Beach Kiwi Surf Life Saving Club Inc	4,000
Purena Koa Rehua Youth Services	8,000
RNZPS Hawke's Bay Area Inc	15,000
Sport Hawkes Bay	8,140
Stroke Foundation Central Region Inc	4,000
Tamatea Rugby League Club Inc	4,000
Te Aranga Marae Trust	10,000
Te Taiwhenua O Heretaunga	2,500
The Hastings & District Branch of RNZSPAC Inc	3,000
The Order of St John - Hawke's Bay District	3,293
The Parenting Place - Attitude Youth Division	1,000
The Stoney Creek Trust	5,000
U-Turn Trust	5,000
Waipatu Maori Catholic Club	5,000
WYNRS NZ Trust	6,000
Total grants appoved	**477,747**
Reversed/reduced	**3,170**
Total	**474,577**



TARARUA
foundation incorporated

financial statements

INCOME STATEMENT

For the year ended 31 March 2015

	Note	2015 $	2014 $
Income			
Grants received	*11*	-	-
Energy sales		271,592	255,752
Interest income		28,370	53,000
Gain on sale of assets		400,482	-
Other income		5,469	3,633
Total income		**705,913**	**312,385**
Operating expenses			
Administration and financial		12,219	13,926
Audit fees		7,042	6,837
Depreciation	*9*	-	107,360
Impairment of assets	*9*	-	647,387
Interest		36,847	38,859
Management fees		54,700	53,600
Professional fees		200	8,938
Legal fees		1,016	4,306
Property expenses		58,437	66,168
Returned grants		-	1,490,000
Selling expenses		11,225	13,665
Trustees fees		7,500	8,000
Total operating expenses		**189,186**	**2,459,046**
Net surplus / (deficit) before charitable distributions		516,727	(2,146,661)
Charitable distributions		-	-
Net surplus/(deficit)		**516,727**	**(2,146,661)**

THE ACCOMPANYING NOTES AND ACCOUNTING POLICIES FORM PART OF, AND SHOULD BE READ IN CONJUNCTION WITH, THESE FINANCIAL STATEMENTS.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

	2015 $	2014 $
Net surplus/(deficit) for year	**516,727**	**(2,146,661)**
Other comprehensive income	-	-
Total comprehensive income for the period	**516,727**	**(2,146,661)**

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	2015 $	2014 $
Equity at start of the year	**(516,727)**	**1,629,934**
Total comprehensive income	516,727	(2,146,661)
Equity at end of the year	**-**	**(516,727)**

BALANCE SHEET

As at 31 March 2015

	Note	2015 $	2014 $
Current assets			
Cash and cash equivalents		-	1,564,591
Short term investments		-	-
Prepayments		-	2,382
Taxation receivable		-	16,664
Accrued revenue		-	31,311
Gst receivable		-	-
Total current assets		**-**	**1,614,948**
Non-current assets			
Property, plant and equipment	*9*	-	-
Total non-current assets		**-**	**-**
Total assets		**-**	**2,353,550**
Current liabilities			
Trade and other payables	*7*	-	38,175
Loan repayments	*8*	-	261,000
Grants to be returned	*11*	-	1,490,000
Total current liabilities		**-**	**1,789,175**
Non-current liabilities			
Loans	*8*	-	342,500
Total non-current liabilities		**-**	**342,500**
Total liabilities		**-**	**2,131,675**
Equity			
Retained earnings		-	(516,727)
Total equity		**-**	**(516,727)**
		-	**1,614,948**

Signed on Behalf of Tararua Foundation Incorporated

Brian Bourke
Chairman

Allan Pollard
Chief Executive

STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Cash was provided from:			
Sales		281,203	267,421
Interest received		28,370	53,000
		309,573	320,421
Cash was applied to:			
Payments to suppliers and Trustees		183,266	228,599
Charitable distributions returned		1,490,000	-
		1,673,266	228,599
Net cash inflows from operating activities	10	**(1,363,693)**	**91,822**
Cash flows from investing activities			
Cash was provide from:			
Sale of assets		419,826	-
Decrease in short term deposits		-	1,023,804
		419,826	1,023,804
Cash was applied to:			
Purchase of property plant and equipment		17,226	29,990
		17,226	29,990
Net cash inflows/ (outflows) from investing activities		**402,602**	**993,814**
Cash flows from financing activities			
Cash was provided from:			
Loans		-	10,000
		-	10,000
Cash was applied to:			
Repayment of loans		603,500	61,500
		603,500	61,500
Net cash inflows / (outflows) from financing activities		**(603,500)**	**(51,500)**
Net increase/(decrease) in cash held		**(1,564,591)**	**1,034,136**
Opening cash balance		1,564,591	530,455
Closing cash balance		**-**	**1,564,591**
Closing cash is made up of:			
Cash and cash equivalents		-	1,564,591
		-	1,564,591

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

The Tararua Foundation is a registered charitable trust. These financial statements have been prepared in accordance with the Trust Deed of the Tararua Foundation and the Charitable Trusts Act 1957. The Tararua Foundation was established by the Masterton Licensing Trust for charitable purposes outside the Masterton Licensing Trust area.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("IFRS"), and other applicable financial reporting standards, as appropriate for public-benefit entities.

The financial statements for the Tararua Foundation are for the year ended 31 March 2015. The financial statements were approved by the Trustees on 18th September 2015.

The 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.

(c) Functional and presentation currency

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

(d) Significant accounting policy judgements

Classification as a Public Benefit Entity

Whilst the acquisition of the Kourarau Hydro Scheme gives the Tararua Foundation elements of both a profit orientated entity and a public benefit entity (PBE), the Trustees have determined that the purpose of the Tararua Foundation is most closely aligned to that of a PBE which is defined as "an entity whose primary objective is to provide goods or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders". Therefore standards appropriate for a PBE have been used in these financial statements.

(e) Going concern

These financial statements have not been prepared on a going concern basis as the Foundation sold all of its assets and liabilities to Trust House Limited on the 31 March 2015 and, with effect from that date, its status changed to a dormant entity.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Impairment

The carrying amounts of the Foundation'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.

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, trade and other payables and trade and other receivables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Foundation becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Foundation's contractual rights to the cash flows from the financial assets expire or if the Foundation transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Foundation commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Foundation's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Foundation's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

Tax

The Tararua Foundation is exempt from Income Tax as it has been granted charitable status by Inland Revenue.

Goods and Services Tax

These accounts are prepared on a GST exclusive basis with the exception of Accounts Receivable and Accounts Payable, 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 Accounts Receivable or Accounts Payable (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.

Donations and grants received

Donations and grants received are recognised as income when received.

Energy sales

The sale of energy is recognised as income when the energy is sold on the spot market.

Charitable donations

Charitable Donations are recognised when approval is given.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

Trade and other receivables

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

Property, plant and equipment

Recognition and measurement

Plant and equipment 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 straight line basis on all fixed assets at a rate which will write off the cost of the assets to their estimated residual value over their useful lives.

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

Electrical Reticulation	10%
Computerised load control equipment	25%
Generators	10%
Other	10%

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.

4. RELATED PARTY TRANSACTIONS

(a) Trust House Limited

Tararua Foundation paid $54,700 (2014: $53,600) to Trust House Limited for management fees.

Trust House Limited provided other goods and services to the Tararua Foundation on an arms-length basis valued at $265 (2014: $1,155). The amount outstanding at year end was $Nil (2014; $Nil).

Tararua Foundation had borrowed $135,000 (2013: $135,000) from Trust House Limited. The loan was repaid on 31 March 2015 from the proceeds of the sale of assets to Trust House Limited.

Tararua Foundation had a term loan of $342,500 with the ANZ Bank which is secured by way of guarantee by Trust House Limited to the ANZ on behalf of the Tararua Foundation. On the 31 March 2015 Trust House Limited assumed liability for the loan is partial payment for the purchase of all of Tararua Foundation assets and liabilities.

Trust House Limited applies NZ IFRS standards in preparation of its Group accounts. With the application of the new IFRS 10 the Tararua Foundation is considered to be a subsidiary of Trust House Limited.

(b) Trust House Foundation

The Tararua Foundation returned unspent grants of $1,490,000 to the Trust House Foundation during the year (2014:$nil)

RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management personnel

Key management personnel comprises the Trustees of the Tararua Foundation.

Key management personnel compensation	2015 $	2014 $
Trustees fees and other short term benefits	8,000	8,000
Post employment benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-
	8,000	8,000

5. CONTINGENT LIABILITIES AND COMMITMENTS

The Tararua Foundation Inc. has no known contingent liabilities or commitments as at 31 March 2015 (2014: nil).

6. FINANCIAL INSTRUMENTS

Classification and fair value

The carrying amount of financial instruments approximates their fair value.

Liquidity risk

Exposure to liquidity risk arises in the normal course of the Foundation's business.

Liquidity risk represents the Foundation's ability to meet its contractual obligations. The Foundation evaluates its liquidity requirements on an ongoing basis. In general, the Foundation generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities.

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

2014	12 months or less $	1-2 years $	2-5 years $	More than 5 years $
Trade and other payables	38,175	-	-	-
Loan from Trust House Ltd	294,075	145,142	229,573	-
	332,250	145,142	229,573	
2015				
Trade and other payables	-	-	-	-
Loans	-	-	-	-
	-	-	-	-

7. TRADE AND OTHER PAYABLES

	2015 $	2014 $
Trade creditors and accrued expenses	-	30,273
GST payable	-	1,230
Capital payables	-	6,672
	-	38,175

8. BORROWINGS

	2015 $	2014 $
Trust House Limited loan		
– repayable 31 March 2015, interest rate at year end 4.10% (2013: 4.40%)	-	135,000
ANZ term loan		
– to 30 November 2017. Repayable at $126,000 per annum plus interest. Interest rate at 31 March 2014 6.70% (2013: 6.70%). This loan is guaranteed by Trust House Ltd	-	468,500
Total borrowings	-	603,500
Less short term portion	-	261,000
Long term portion of borrowings	-	**342,500**

9. PROPERTY, PLANT AND EQUIPMENT

	Property, plant and equipment $
Cost	
Balance at 1 April 2013	772,215
Additions	9,430
Balance at 31 March 2014	781,645
Balance at 1 April 2014	781,645
Additions	10,554
Disposals	(792,199)
Balance at 31 March 2015	-
Depreciation and impairment losses	
Balance at 1 April 2013	26,898
Depreciation for the year	107,360
Impairment of assets	647,387
Balance at 31 March 2014	781,645
Balance at 1 April 2014	781,645
Disposals	(781,645)
Balance at 31 March 2015	-
Carrying amounts	
At 1 April 2013	122,155
At 31 March 2014	-
At 1 April 2014	-
At 31 March 2015	-

10. RECONCILIATION OF NET SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

for the year ended 31 March 2015

	2015 $	2014 $
Net surplus/(deficit) for year	516,727	(2,146,661)
Add/(less) movements in non-cash items:		
Depreciation	-	107,360
Gain on sale of assets	(400,482)	
Impairment of assets	-	647,387
	(400,482)	754,747
Add/(less) movements in working capital items:		
(Increase) / decrease in receivables and prepayments	3,359	3,617
Increase/(decrease) in payables and accruals	6,703	(9,881)
Increase/(decrease) in grants returnable	(1,490,000)	1,490,000
	(1,880,420)	3,349
Net cash flow from operating activities	**(1,363,693)**	**91,822**

11. GRANTS RECEIVED

In 2012 and 2013 Tararua Foundation has received accumulated grants totalling $1,490,000 which were to be put towards a major project. The Foundation has not found a suitable project and has returned the funds to the Trust House Foundation in the 2014/15 financial year.

12. CAPITAL MANAGEMENT

The Foundation capital includes retained earnings. Equity is represented by net assets. The Foundation manages its revenues, expenses, assets, liabilities and general financial dealings prudently. The Foundation equity is largely managed as a by product of managing revenue, expenses, assets and liabilities.

The objective of managing the Foundation's equity is to ensure the Foundation achieves its goals and objectives for which it has been established, whilst remaining a going concern.

13. SUBSEQUENT EVENTS

There are no subsequent events.

independent auditor's report

To the readers of Tararua Foundation's financial statements for the year ended 31 March 2015

The Auditor General is the auditor of Tararua Foundation (the Foundation). The Auditor General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Foundation, on her behalf.

Opinion

We have audited the financial statements of the Foundation on pages pages 124 to 132 that comprise the statement of financial position as at 31 March 2015, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the Foundation:

- present fairly, in all material respects:
  - its financial position as at 31 March 2015; and
  - its financial performance and cash flows for the year then ended; and
- have been prepared in accordance with New Zealand Equivalents to international Financial Reporting Standards with Public Benefit Entity modifications.

Our audit was completed on 18th September 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities, and we explain our independence.

The Foundation has become a dormant entity

Without modifying our opinion, we draw your attention to accounting policy 2 (e) on page 128 which explains that the Foundation sold all its assets and liabilities to Trust House Limited and that its status changes to a dormant entity.

Basis of opinion

We carried out our audit in accordance with the AuditorGeneral's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Foundation's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Trustees;
- the adequacy of the disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. Also we did not evaluate the security and controls over the electronic publication of the financial statements.

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

independent auditor's report (continued)

Responsibilities of the Trustees

The Trustees are responsible for the preparation and fair presentation of financial statements the Foundation, in accordance with New Zealand equivalents to international financial reporting standards.

The Trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustees are also responsible for the publication of the financial statements, whether in printed or electronic form.

The Trustees' responsibilities arise from clause 7(p) of the Tararua Foundation Trust Deed.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit.

Our responsibility arises from section 15 of the Public Audit Act 2001 and clause 7(p) of the Tararua Foundation Trust Deed.

Independence

When carrying out the audit, we followed the independence requirements of the AuditorGeneral, which incorporate the independence requirements of the External Reporting Board.

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

Leon Pieterse

AUDIT NEW ZEALAND

On behalf of the AuditorGeneral
Auckland, New Zealand

TRUST HOUSE LIMITED

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