

**Masterton Community Trust
Financial statements
for the year ended 31 March 2019**

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Masterton Community Trust
Income statement
For the year ended 31 March 2019

Income statement

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Group 2019 \$	Group 2018 \$
Continuing operations			
Revenue	5	29,287,859	27,648,017
Less cost of sales		<u>4,117,225</u>	<u>3,981,702</u>
Gross profit		<u>25,170,634</u>	<u>23,666,315</u>
Operating expenses	7	<u>18,454,937</u>	<u>17,748,168</u>
Operating profit		6,715,697	5,918,147
Finance costs		1,007,197	988,038
Finance income		<u>41,027</u>	<u>52,899</u>
Net finance costs		966,170	935,139
Net operating profit		5,749,527	4,983,008
Non operating items	6	6,730,887	5,828,500
Discontinued operation items	30	<u>-</u>	<u>324,025</u>
Net profit before charitable donations		<u>12,480,414</u>	<u>11,135,533</u>
Charitable donations	27	<u>(4,124,301)</u>	<u>(3,848,511)</u>
Net profit for year		<u>8,356,113</u>	<u>7,287,022</u>
Attributable to:			
Equity holders of Masterton Community Trust		7,876,624	6,868,879
Non-controlling interest		<u>479,489</u>	<u>418,143</u>
		<u>8,356,113</u>	<u>7,287,022</u>

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

Masterton Community Trust
Statement of comprehensive income
For the year ended 31 March 2019

Statement of comprehensive income

FOR THE YEAR ENDED 31 MARCH 2019

	Group 2019 \$	Group 2018 \$
Net profit / (loss)	8,356,113	7,287,022
Other comprehensive income:		
Land & building revaluation	<u>-</u>	<u>186,161</u>
Total other comprehensive income / (expense)	<u>-</u>	<u>186,161</u>
Total comprehensive income for the year	<u>8,356,113</u>	<u>7,473,183</u>
Attributable to:		
Equity Holders of Masterton Community Trust	7,876,624	7,044,358
Non-controlling interest	<u>479,489</u>	<u>428,825</u>
	<u>8,356,113</u>	<u>7,473,183</u>

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

Statement of changes in equity
FOR THE YEAR ENDED 31 MARCH 2019

Group	Notes	2019 \$
Equity at the start of the year		67,248,761
Total comprehensive income / (expense)		8,356,113
Attributable to:		
Masterton Community Trust	18	7,876,624
Minority Interest	18	<u>479,489</u>
		8,356,113
Equity at the end of the year		<u>75,604,874</u>
Group		2018 \$
Equity at the start of the year		59,775,578
Total comprehensive income / (expense)		7,473,183
Attributable to:		
Masterton Community Trust	18	7,044,358
Minority Interest	18	<u>428,825</u>
		7,473,183
Equity at the end of the year		<u>67,248,761</u>

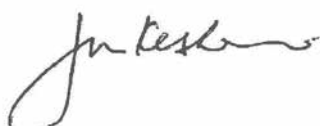
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Statement of financial position

AS AT 31 MARCH 2019

	Notes	Group 2019 \$	Group 2018 \$
Current assets			
Cash and cash equivalents	8	763,439	687,232
Trade and other receivables	9	321,237	350,025
Prepayments		313,571	270,624
Inventories	10	399,277	398,869
Other investments	11	51,446	53,005
Assets held for sale		<u>696,000</u>	<u>-</u>
Total current assets		<u>2,544,970</u>	<u>1,759,755</u>
Non-current assets			
Other investments	11	-	697,348
Investment properties	12	76,714,000	69,257,000
Property, plant and equipment	13	18,461,503	19,131,837
Intangible assets	14	<u>958,789</u>	<u>917,953</u>
Total non-current assets		<u>96,134,292</u>	<u>90,004,138</u>
Total assets		<u>98,679,262</u>	<u>91,763,893</u>
Current liabilities			
Trade and other payables	15	2,021,175	2,083,803
Employee entitlements	16	823,425	740,890
Borrowings	17	377,870	760,849
Charitable donations allocated		<u>615,482</u>	<u>619,915</u>
Total current liabilities		<u>3,837,952</u>	<u>4,205,457</u>
Non-current liabilities			
Employee entitlements	16	67,582	78,522
Borrowings	17	19,124,584	20,189,584
Provisions	24	<u>44,270</u>	<u>41,569</u>
Total non-current liabilities		<u>19,236,436</u>	<u>20,309,675</u>
Equity			
Retained earnings	18	70,993,679	63,117,055
Asset revaluation reserve	18	272,846	272,846
Non-controlling interest		<u>4,338,349</u>	<u>3,858,860</u>
Total equity		<u>75,604,874</u>	<u>67,248,761</u>
Total liabilities & equity		<u>98,679,262</u>	<u>91,763,893</u>

Signed on behalf of Masterton Community Trust



J Kershaw
Chair



L Griffiths
Trustee

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

Masterton Community Trust
Statement of cash flows
For the year ended 31 March 2019

Statement of cash flows

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Group 2019 \$	Group 2018 \$
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		29,319,435	29,302,406
Interest received		<u>41,027</u>	<u>52,899</u>
		29,360,462	29,355,305
Cash was applied to:			
Payments to suppliers and employees		20,897,219	21,612,226
Charitable donations		4,128,734	4,033,281
Interest paid		<u>1,008,632</u>	<u>984,951</u>
		<u>(26,034,585)</u>	<u>(26,630,458)</u>
Net cash flows from operating activities	22	<u>3,325,877</u>	<u>2,724,847</u>
Cash flows from investing activities			
Cash was provided from:			
Sale of plant, property and equipment		75,210	41,879
Sale of intangibles		16,000	8,751
Sale of business		-	509,944
Vendor loan repayment		<u>650,000</u>	<u>-</u>
		741,210	560,574
Cash was applied to:			
Purchase of plant, property and equipment		1,690,162	2,468,539
Purchase of intangible assets		126,626	69,322
Cash sold with business		-	1,000
Upgrading of investment property		<u>726,113</u>	<u>2,087,272</u>
		<u>(2,542,901)</u>	<u>(4,626,133)</u>
Net cash flows from investing activities		<u>(1,801,691)</u>	<u>(4,065,559)</u>
Cash was applied to:			
Repayment of borrowings		<u>1,065,000</u>	<u>166,000</u>
		<u>(1,065,000)</u>	<u>(166,000)</u>
Net cash flows from financing activities		<u>(1,065,000)</u>	<u>(166,000)</u>
Net (decrease) / increase in cash held		459,186	(1,506,712)
Opening cash balance		<u>(8,617)</u>	<u>1,498,095</u>
Closing cash balance		<u>450,569</u>	<u>(8,617)</u>
Closing cash is made up of			
Cash and cash equivalents		<u>450,569</u>	<u>(8,617)</u>
	8	<u>450,569</u>	<u>(8,617)</u>

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

Notes to the Financial Statements

1 REPORTING ENTITY

These financial statements have been prepared in accordance with the Sale and Supply of Alcohol Act 2012. The consolidated financial statements of Masterton Community Trust as at and for the year ended 31 March 2019 comprise of Masterton Community Trust, Trust House Limited (94.3% owned) and Trust House Foundation (a controlled entity).

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

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 Trustees on 6 August 2019.

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). For the purposes of complying with NZ GAAP the entity is a for-profit entity. Under the Accounting Standards Framework, the Trust has determined that it is a 'tier two' entity, as the Trust has expenses less than \$30 million, however the Trust elects to report under 'tier one' accounting standards.

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

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

(b) Measurement base

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

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

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

Functional and presentation currency

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

(c) Use of estimates and judgements

The financial statements for the 'Parent' are for Masterton Community Trust as a separate legal entity.

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

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

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

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

Changes in accounting policy and disclosures

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 April 2018:

- **NZ IFRS 9, 'Financial instruments'**, The Group has adopted NZ IFRS 9 Financial Instruments issued September 2014. NZ IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. NZ IFRS 9 replaces the guidance in NZ IAS 39 that relates to the classification and measurement of financial instruments. NZ IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in NZ IAS 39. For financial liabilities there were no changes to classification and measurement. NZ IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under NZ IAS 39. Other than reclassification the adoption of NZ IFRS 9 did not have any impact on the financial results or financial position of the Group.
- **IFRS 15, 'Revenue from Contracts with Customers'**, The group has adopted NZ IFRS 15 Revenue from Contracts with Customers as issued in July 2014. NZ IFRS 15 requires that revenue be recognised at an amount that reflects the consideration to which the Group expect to be entitled in exchange for transferring goods or services to a customer. In accordance with the transition provisions in NZ IFRS 15 the new rules have been adopted retrospectively and comparatives for the 2018 financial year have been restated. There were no changes to the financial performance or position of the Group as a result of adopting NZ IFRS 15.

3 SIGNIFICANT ACCOUNTING POLICIES

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

Basis of consolidation

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

The Group financial statements consolidate the financial statement of subsidiaries.

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

Subsidiaries

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

Transactions eliminated on consolidation

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

Financial instruments

The Group has the following financial instruments:

Financial assets at amortised cost: Cash and cash equivalents, Trade and other receivables.

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

Financial instruments are measured as described below.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

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

Trade and other receivables

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

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 with sufficient regularity such that the carrying value is not materially different to fair value, but at least every three years. The fair value is determined by an independent registered valuer by reference to their highest and best use. Additions between revaluations are recorded at cost.

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

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

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

Depreciation

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

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

Land & Buildings - structure	3%-33.3%
Land & Buildings - services and fit out	6.5%-40%
Furniture & Plant - general	6.67-67%
Furniture & Plant - gaming machines and counters	25%-100%
Motor Vehicles	20%
Hydro Assets - Electrical reticulation	10%
Hydro Assets - Computerised load control equipment	25%

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

Intangible assets

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Investment property

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

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

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

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

Impairment

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

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

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 a portfolio 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 Group are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and the corresponding lease liabilities are recognised in the Statement of Financial Position. The leased assets are depreciated over its useful life. If there is no certainty as to whether the 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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Revenue

Trust House Limited is primarily involved in the hospitality industry running a number of bars, restaurants, a bottlestore, two hotels a large rental housing portfolio and a small hydroelectric scheme. Trust House Foundation is a class IV gaming Foundation.

(1) Goods sold / sales

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

(2) Services

Trust House Limited acts as a management company for other Group 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.

(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 recognised 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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax

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

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

Current tax is the amount of Income Tax payable based on the taxable profit for the current year, plus any adjustments to Income Tax payable in respect to 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 Income Statement, 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 trade and other receivables and trade and other payables, which are stated on a GST inclusive basis. Where GST is irrecoverable as an input tax, then it is recognised as part of the related asset or expense.

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

Charitable donations

Charitable donations are recognised when approval is given.

Held for sale assets

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards, amendments and interpretations not yet effective

Other than NZ IFRS 16 "Leases", there are no new standards, amendments or interpretations that have been issued and effective, or not yet effective, that are expected to have a significant impact on the Group. The Group has assessed the full impact of NZ IFRS 16 (effective date: 1 January 2019) and estimates the impact on the financial results and position of the company and group to be: an increase in property plant and equipment of \$588,925, an increase in current liabilities of \$253,111 and an increase in non-current liabilities of \$335,814. For the year ended 31 March 2020 the estimated impact is a reduction in rental and property expenses of \$267,809, an increase in interest expense of \$18,517 and an increase in depreciation expense of \$239,692.

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) Land and Buildings

The fair value of land and buildings is based on market values. The market value of land and buildings is the estimated amount for which they 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 2019	Group 2018
	\$	\$
Revenue from contracts with customers	23,214,515	22,005,136
Revenue from other sources	261,064	256,198
Residential rental revenue	<u>5,812,280</u>	<u>5,386,683</u>
Total revenue	<u>29,287,859</u>	<u>27,648,017</u>

Disaggregation of revenue from contracts with customers

The group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines. All revenue is earned in the lower North Island.

	Revenue recognised at a point in time	Revenue recognised over time	Total
	\$	\$	\$
Group 2019			
Hospitality	12,872,125	-	12,872,125
Gaming income	9,924,107	-	9,924,107
Other	<u>356,134</u>	<u>62,149</u>	<u>418,283</u>
Total	<u>23,152,366</u>	<u>62,149</u>	<u>23,214,515</u>
2018			
Hospitality	12,119,391	-	12,119,391
Gaming income	9,533,349	-	9,533,349
Other	<u>290,044</u>	<u>62,352</u>	<u>352,396</u>
Total	<u>21,942,784</u>	<u>62,352</u>	<u>22,005,136</u>

Performance obligations

The Group had the following performance obligations in relation to revenue earned over time:

Rental income: The Group hosts a mobile telephone mast and must continue to provide access to the site to receive rental.

Some other revenue is eliminated at Group level

There were no material contract assets or liabilities at balance date.

The Group has the following revenue recognised at a point in time:

Hospitality revenue is received from the supply of food, beverages and accommodation.

Gaming income is received by the Group from outlets with gaming machine operations.

The performance obligation for the above income is satisfied at a point in time as payment is recognised at the time the goods or services are supplied. There are no variable consideration, rights of return, refunds of other related obligations.

6 NON OPERATING ITEMS

		Group 2019 \$	Group 2018 \$
Change in fair value of investment property	12	<u>6,730,887</u>	<u>5,828,500</u>
		<u>6,730,887</u>	<u>5,828,500</u>

7 OPERATING EXPENSES

		Group 2019 \$	Group 2018 \$
Administration and financial		1,268,581	1,248,657
Advertising and promotion		897,120	990,543
Audit Fees		98,090	95,845
Audit Fees - Masterton Community Trust		5,250	5,250
Prospective financial statement review*		4,210	4,210
Bad debts		23,428	(3,656)
Movement in provision for doubtful debts		805	9,217
Depreciation		1,546,805	1,395,288
Amortisation		114,160	113,964
Impairment of property, plant and equipment		4,000	886,874
Loss / (gain) on sale of plant and equipment		(57,651)	(29,553)
Loss / (gain) on sale of intangible assets		480	(4,306)
Property expenses		4,092,312	3,736,040
Rent and lease expenses		809,491	801,441
Employee costs		6,760,104	6,588,628
Directors and Trustees Fees		311,935	322,793
Gaming Machine Duty and Licenses		2,575,817	2,476,918
Reversal of impairments		-	(889,985)
		<u>18,454,937</u>	<u>17,748,168</u>

* These fees relate to prospective financial accounts for the Trust House Foundation forecast, required by the Department of Internal Affairs and are performed by the Principal Auditor

8 CASH AND CASH EQUIVALENTS

	Group 2019	Group 2018
	\$	\$
Bank balances	544,093	463,886
Cash floats	<u>219,346</u>	<u>223,346</u>
Cash and cash equivalents	<u>763,439</u>	<u>687,232</u>
	Group 2019	Group 2018
	\$	\$
Cash and cash equivalents	763,439	687,232
Bank overdrafts used for cash management purposes	<u>(312,870)</u>	<u>(695,849)</u>
Cash and cash equivalents used in the statement of cash flows	<u>450,569</u>	<u>(8,617)</u>

The carrying value of cash at bank, cash floats and bank overdrafts approximates fair value.

9 TRADE AND OTHER RECEIVABLES

	Group 2019	Group 2018
	\$	\$
Trade receivables	263,351	272,398
Less provision for impairment	<u>(26,732)</u>	<u>(25,927)</u>
	236,619	246,471
Sundry receivables	<u>84,618</u>	<u>103,554</u>
	<u>321,237</u>	<u>350,025</u>
	Group 2019	Group 2018
	\$	\$

Aging of trade receivables

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

Not past due	158,067	186,327
1-30 days	51,980	39,143
31-60 days	7,728	12,107
60 days+	<u>45,577</u>	<u>34,818</u>
	<u>263,352</u>	<u>272,395</u>

As of 31 March 2019, trade receivables of \$26,732 (2018: \$25,927) were past due and considered impaired and trade receivables of \$78,553 (2018: \$60,141) were past due but not considered impaired.

9 TRADE AND OTHER RECEIVABLES (continued)

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

	Group 2019	Group 2018
	\$	\$
As at 1 April	25,927	16,710
Additional provisions made during the year	23,838	22,580
Receivables written off during the year	<u>(23,033)</u>	<u>(13,363)</u>
Balance at the end of the year	<u>26,732</u>	<u>25,927</u>

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

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

10 INVENTORIES

	Group 2019	Group 2018
	\$	\$
Raw materials and consumables	83,228	63,620
Goods available for sale	<u>316,049</u>	<u>335,249</u>
	<u>399,277</u>	<u>398,869</u>

Inventory comprises goods available for sale and food ingredients.

No inventories are pledged as security for liabilities (2018 \$nil). However, some inventories are subject to retention of title clauses.

11 OTHER INVESTMENTS

	Group 2019	Group 2018
	\$	\$
Current investments (at amortised cost)		
Foodstuffs Ltd - deferred rebates	<u>51,446</u>	<u>53,005</u>
	<u>51,446</u>	<u>53,005</u>
Non current investments (at amortised cost)		
Vendor loan	-	650,000
Foodstuffs Ltd - shares & rebates	<u>-</u>	<u>47,348</u>
	<u>-</u>	<u>697,348</u>
Total investments	<u>51,446</u>	<u>750,353</u>

The vendor loan was fully repaid in 2018.

12 INVESTMENT PROPERTY

	Group 2019	Group 2018
	\$	\$
Investment property is comprised of		
Residential property	75,244,000	68,007,000
Commercial property	<u>1,470,000</u>	<u>1,250,000</u>
	<u>76,714,000</u>	<u>69,257,000</u>
Classified as:		
Current - available for sale at 31 March	-	-
Non Current	<u>76,714,000</u>	<u>69,257,000</u>
	<u>76,714,000</u>	<u>69,257,000</u>

(a) Residential properties

	Group 2019	Group 2018
	\$	\$
Balance at 1 April	68,007,000	60,081,228
Improvements	702,882	2,087,272
Change in fair value - recognised in Income statement	<u>6,534,118</u>	<u>5,838,500</u>
	<u>75,244,000</u>	<u>68,007,000</u>

Residential investment property comprises 485 (2018: 485) rental houses in the lower North Island. The Group's investment properties are valued annually at fair market value effective 31st March 2019.

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 Group has no restrictions on the realisability of its investment property. The group has no contractual obligations to purchase construct or develop investment property or for repair, maintenance or enhancements.

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

In arriving at the valuation the valuer has to make critical judgements of the likely yield a property of the type held by the Group would sell at on the retail market. This judgement is applied by geographic location and takes into account sales of similar housing and knowledge of the rental and sale markets in those locations.

	Group 2019	Group 2018
	\$	\$
Rental income	5,810,012	5,386,683
Other income	2,268	-
Expenses from investment property generating income	2,365,356	2,031,092

12 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 Groups commercial properties has been designated as an investment property.

	Group 2019 \$	Group 2018 \$
Balance at 1 April	1,250,000	1,260,000
Improvements	23,231	-
Change in fair value - recognised in Income statement	<u>196,769</u>	<u>(10,000)</u>
Balance at 31 March	<u>1,470,000</u>	<u>1,250,000</u>
Classified as:		
Non Current	<u>1,470,000</u>	<u>1,250,000</u>
	<u>1,470,000</u>	<u>1,250,000</u>

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

The fair value of the buildings at 31 March 2019 has been assessed by an independent valuer, J McKeefry BBS (VPM), Dip BS (Fin), MPINZ, Registered Valuer of Telfer Young, Wellington. Telfer Young are an experienced valuer with extensive market knowledge in the types of investment properties owned by the Group.

	Group 2019 \$	Group 2018 \$
Rental income	247,750	247,750
Tenant recharges	29,670	14,263
Expenses from investment property generating income	133,426	124,892

13 PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings \$	Furniture and plant \$	Hydro assets \$	Motor vehicles \$	Construction in progress \$	Total \$
Cost or valuation						
Balance at 1 April 2017	14,710,776	7,881,910	967,123	108,075	189,386	23,857,270
Additions	1,424,580	990,332	-	9,582	-	2,424,494
Disposals	-	(372,529)	-	(24,960)	-	(397,489)
Reclassified under construction	177,176	12,210	-	-	(189,386)	-
Reclassified from available for sale	-	6,005	-	-	-	6,005
Revaluation of land and buildings	(393,580)	-	-	-	-	(393,580)
Balance at 31 March 2018	<u>15,918,952</u>	<u>8,517,928</u>	<u>967,123</u>	<u>92,697</u>	<u>-</u>	<u>25,496,700</u>
Balance at 1 April 2018	15,918,952	8,517,928	967,123	92,697	-	25,496,700
Additions	731,433	357,367	29,314	13,142	-	1,131,256
Disposals	-	(533,901)	-	(7,700)	-	(541,601)
Reclassified under construction	-	483,894	-	-	-	483,894
Reclassified from available for sale	(700,000)	-	-	-	-	(700,000)
Balance at 31 March 2019	<u>15,950,385</u>	<u>8,825,288</u>	<u>996,437</u>	<u>98,139</u>	<u>-</u>	<u>25,870,249</u>
Depreciation and impairment losses						
Balance as at 1 April 2017	70,344	5,312,084	470,706	77,815	-	5,930,949
Depreciation for the year	591,213	759,308	37,586	7,181	-	1,395,288
Disposals	-	(362,226)	-	(20,859)	-	(383,085)
Revaluation of land and buildings	(582,853)	-	-	-	-	(582,853)
Reclassified from available for sale	-	4,564	-	-	-	4,564
Balance at 31 March 2018	<u>78,704</u>	<u>5,713,730</u>	<u>508,292</u>	<u>64,137</u>	<u>-</u>	<u>6,364,863</u>
Balance at 1 April 2018	78,704	5,713,730	508,292	64,137	-	6,364,863
Depreciation for the year	648,003	857,122	34,914	6,766	-	1,546,805
Impairments	4,000	-	-	-	-	4,000
Disposals	-	(495,345)	-	(7,577)	-	(502,922)
Reclassified to available for sale	(4,000)	-	-	-	-	(4,000)
Balance at 31 March 2019	<u>726,707</u>	<u>6,075,507</u>	<u>543,206</u>	<u>63,326</u>	<u>-</u>	<u>7,408,746</u>
Carrying amounts						
As at 31 March 2018	<u>15,840,248</u>	<u>2,804,198</u>	<u>458,831</u>	<u>28,560</u>	<u>-</u>	<u>19,131,837</u>
As at 31 March 2019	<u>15,223,678</u>	<u>2,749,781</u>	<u>453,231</u>	<u>34,813</u>	<u>-</u>	<u>18,461,503</u>

13 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 2018.

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

The total fair value of land and buildings valued by J McKeefry Group and Parent as at 31 March 2018 was \$15,720,000. This figure relates to both parent and group. The valuation uses Level 2 observable inputs in arriving at fair value.

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

Impairment

Net impairment losses for the company of \$4000 were recognised in 2018/19 (2017/18 \$Nil).

Insurance

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

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

Deductibles for claims are as follows:

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

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

14 INTANGIBLE ASSETS

Group	Goodwill \$	Software \$	Total \$
Cost			
Balance at 1 April 2017	770,000	719,721	1,489,721
Additions	-	69,322	69,322
Disposals	-	(47,735)	(47,735)
Balance at 31 March 2018	<u>770,000</u>	<u>741,308</u>	<u>1,511,308</u>
Balance at 1 April 2018	770,000	741,308	1,511,308
Additions	-	171,477	171,477
Disposals	-	(80,985)	(80,985)
Balance at 31 March 2019	<u>770,000</u>	<u>831,800</u>	<u>1,601,800</u>
Amortisation and impairment losses			
Balance at 1 April 2017	38,095	484,586	522,681
Disposals	-	(43,290)	(43,290)
Amortisation for the year	38,095	75,869	113,964
Balance at 31 March 2018	<u>76,190</u>	<u>517,165</u>	<u>593,355</u>
Balance at 1 April 2018	76,190	517,165	593,355
Disposals	-	(64,505)	(64,505)
Amortisation for the year	38,096	76,065	114,161
Balance at 31 March 2019	<u>114,286</u>	<u>528,725</u>	<u>643,011</u>
Carrying amounts			
As at 31 March 2018	693,810	224,143	917,953
As at 31 March 2019	655,714	303,075	958,789

14 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:

The Ledge

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

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

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

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

Post Office Hotel

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

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

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

The recoverable amount has been determined based on a value in use calculation using cash flow projections based on financial forecasts approved by senior management which covers a five year period. The growth rate of cash generation is assumed to be 2.5% per annum for the first 5 years and 2% per annum thereafter.

The discount rate applied to cash flow projections is 6.0%.

The Jackson Street Bar

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

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

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

The recoverable amount has been determined based on a value in use calculation using cash flow projections based on financial forecasts approved by senior management which covers a five year period. The growth rate of cash generation is assumed to be 2.5% per annum for the first 5 years and 2% per annum thereafter.

The discount rate applied to cash flow projections is 6.0%.

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

	Group 2019 \$	Group 2018 \$
The Ledge	85,714	123,810
Post Office Hotel	395,000	395,000
Jackson Street Bar	<u>175,000</u>	<u>175,000</u>
Total Goodwill	<u>655,714</u>	<u>693,810</u>

(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.

14 INTANGIBLE ASSETS (continued)

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 2019 \$	Group 2018 \$
Trade creditors	1,094,167	1,080,469
Interest payable	9,191	10,626
Capital payables	32,838	107,848
Accrued expenses	743,803	778,470
Intangible Payables	44,850	-
Revenue in advance	<u>96,326</u>	<u>106,390</u>
	<u>2,021,175</u>	<u>2,083,803</u>

16 EMPLOYEE ENTITLEMENTS

	Group 2019 \$	Group 2018 \$
Current portion		
Accrued pay	221,356	175,735
Accrued leave	583,027	550,619
Provision for staff long service / retirement benefits	12,970	9,198
Sick pay	<u>6,072</u>	<u>5,338</u>
	<u>823,425</u>	<u>740,890</u>
Non current portion		
Provision for long service / retirement benefits	<u>67,582</u>	<u>78,522</u>
	<u>67,582</u>	<u>78,522</u>
Total employee entitlements	<u>891,007</u>	<u>819,412</u>

17 BORROWINGS

	Group 2019 \$	Group 2018 \$
Current liabilities		
Bank overdrafts	312,870	695,849
Other loans	<u>65,000</u>	<u>65,000</u>
	<u>377,870</u>	<u>760,849</u>
Non-current liabilities		
Secured bank loans	19,000,000	20,000,000
Other loans	<u>124,584</u>	<u>189,584</u>
	<u>19,124,584</u>	<u>20,189,584</u>

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.

All movements in borrowings are cash.

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	Nominal interest rate	Year of maturity	Face value 2019 \$	Carrying amount 2019 \$
Group				
Secured BNZ Bank loans	4.23%-5.64%	2023	14,000,000	14,000,000
Secured BNZ Bank loans	5.16%	2022	5,000,000	5,000,000
Other loans	0.00%		189,584	189,584
Bank overdrafts	6.23%-8.50%		<u>312,870</u>	<u>312,870</u>
Total interest-bearing liabilities			<u>19,502,454</u>	<u>19,502,454</u>

The ANZ National Bank overdrafts are secured with registered first mortgages over land and buildings with a carrying amount of \$7,518,268 (2018: \$7,200,000). 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.

18 CAPITAL AND RESERVES

Group	Revaluation reserve \$	Retained earnings \$	Total equity \$
Balance at 1 April 2017	97,367	56,248,176	56,345,543
Total comprehensive income / (expense)	<u>175,479</u>	<u>6,868,879</u>	<u>7,044,358</u>
Balance at 31 March 2018	<u>272,846</u>	<u>63,117,055</u>	<u>63,389,901</u>
Balance at 1 April 2018	272,846	63,117,055	63,389,901
Total comprehensive income / (expense)	<u>-</u>	<u>7,876,624</u>	<u>7,876,624</u>
Balance at 31 March 2019	<u>272,846</u>	<u>70,993,679</u>	<u>71,266,525</u>
Minority interest	Revaluation reserve \$	Retained earnings \$	Total equity \$
Balance at 1 April 2017	5,927	3,424,108	3,430,035
Total comprehensive income / (expense)	<u>10,682</u>	<u>418,143</u>	<u>428,825</u>
Balance at 31 March 2018	<u>16,609</u>	<u>3,842,251</u>	<u>3,858,860</u>
Balance at 1 April 2018	16,609	3,842,251	3,858,860
Total comprehensive income / (expense)	<u>-</u>	<u>479,489</u>	<u>479,489</u>
Balance at 31 March 2019	<u>16,609</u>	<u>4,321,740</u>	<u>4,338,349</u>

19 FINANCIAL INSTRUMENTS

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

Market Risk

Market risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks include three types of risk, interest rate risk, currency risk and other price risk.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a finance installment or customer contract leading to a financial loss

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 2019 \$	Group 2018 \$
Overdrafts and credit lines in place	2,000,000	2,000,000
Term facilities undrawn	2,000,000	1,000,000

Interest rate risk

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

Other market price risk

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

Quantitative disclosures

Credit risk

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

19 FINANCIAL INSTRUMENTS (continued)

(a) Liquidity risk

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

Group 2019	12 months or less \$	1-2 years \$	2-5years \$	More than 5 years \$	Contractual cash flows \$	Carrying Amount \$
Secured bank loans	947,500	947,500	21,156,240	-	23,051,240	19,000,000
Other loans	65,000	35,000	75,000	14,584	189,584	189,584
Trade and other payables	1,326,845	-	-	-	1,326,845	1,326,845
Bank overdraft	<u>312,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>312,870</u>	<u>312,870</u>
Total liabilities	<u>2,652,215</u>	<u>982,500</u>	<u>21,231,240</u>	<u>14,584</u>	<u>24,880,539</u>	<u>20,829,299</u>
Group 2018						
Secured bank loans	974,000	974,000	20,849,826	-	22,797,826	20,000,000
Other loans	65,000	65,000	85,000	39,584	254,584	254,584
Trade and other payables	1,455,157	-	-	-	1,455,157	1,455,157
Bank overdraft	<u>695,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>695,849</u>	<u>695,849</u>
Total liabilities	<u>3,190,006</u>	<u>1,039,000</u>	<u>20,934,826</u>	<u>39,584</u>	<u>25,203,416</u>	<u>22,405,590</u>

(b) Sensitivity analysis

Interest rate risk

The effect of a +100bps increase in interest rates applicable to the floating rate financial instruments held by the Group is a reduction in profit of \$13,129 (2018:\$48,320).

19 FINANCIAL INSTRUMENTS (continued)

(c) Classification and fair values

Group	Financial assets at amortised cost \$	Total carrying value and fair value \$
2019		
Assets		
Investments	51,446	51,446
Trade and other receivables	321,238	321,238
Cash and cash equivalents	<u>763,439</u>	<u>763,439</u>
	<u>1,136,123</u>	<u>1,136,123</u>
2018		
Assets		
Investments	750,353	750,353
Trade and other receivables	350,025	350,025
Cash and cash equivalents	<u>687,232</u>	<u>687,232</u>
	<u>1,787,610</u>	<u>1,787,610</u>

Due to the nature of the Groups financial assets there were no changes in carrying value in adopting IFRS 9 Financial Instruments.

19 FINANCIAL INSTRUMENTS (continued)

Group	Financial liabilities at amortised cost	Fair value amount
	\$	\$
2019		
Liabilities		
Trade and other payables	1,326,845	1,326,845
Borrowings	<u>19,502,454</u>	<u>19,502,454</u>
Total liabilities	<u>20,829,299</u>	<u>20,829,299</u>
2018		
Liabilities		
Trade and other payables	1,455,157	1,455,157
Borrowings	<u>20,950,433</u>	<u>20,950,433</u>
Total liabilities	<u>22,405,590</u>	<u>22,405,590</u>

Due to the nature of the Groups financial liabilities there were no changes in carrying value in adopting IFRS 9 Financial Instruments.

20 OPERATING LEASES

Leases as lessee

Non-cancellable operating leases are payable as follows:

	Group 2019 \$	Group 2018 \$
Less than 1 year	362,255	283,469
Between 1 and 2 years	298,109	208,262
Between 2 and 5 years	411,738	181,112
Over 5 years	<u>128,350</u>	<u>-</u>
Total	<u>1,200,452</u>	<u>672,843</u>

Leases as lessor

	Group 2019 \$	Group 2018 \$
Less than one year	182,750	80,315
Between 1 and 2 years	182,750	-
Between 2 and 5 years	<u>30,458</u>	<u>-</u>
	<u>395,958</u>	<u>80,315</u>

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

21 COMMITMENTS AND CONTINGENCIES

The Group had capital commitments of \$Nil at 31 March 2019 (2018; \$Nil).

The Group had contingent liabilities of \$55,000 as at 31 March 2019 (2018: \$55,000)

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

22 RECONCILIATION OF NET PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group 2019 \$	Group 2018 \$
Net Profit/(Loss) for year	8,356,113	7,287,022
Add (less) non-cash items:		
Depreciation	1,546,805	1,395,288
Amortisation of intangibles	114,160	113,964
Revaluation of investment properties	(6,730,887)	(5,828,500)
Provisions	2,701	2,538
Fixed assets impairment / (reversal)	4,000	(3,111)
(Gain) loss on sale of intangibles	480	(4,306)
(Gain) loss on sale of fixed assets	(36,530)	(27,474)
Gain on sale of businesses	-	(375,229)
Investments issued in lieu of rebates	<u>48,907</u>	<u>45,358</u>
	(5,050,364)	(4,681,472)
Add (less) movements in working capital items:		
(Increase) / decrease in receivables and prepayments	(14,161)	1,009,426
(Increase)/ decrease in inventories	(408)	98,177
Increase / (decrease) in charitable distributions payable	(4,433)	(184,770)
Increase/ (decrease) in employee entitlements	71,595	23,711
Increase/ (decrease) in trade and other payables	<u>(32,465)</u>	<u>(827,247)</u>
	<u>20,128</u>	<u>119,297</u>
Net cash inflow from operating activities	<u>3,325,877</u>	<u>2,724,847</u>

23 RELATED PARTY TRANSACTIONS

(i) Parent and ultimate controlling party

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

(ii) Transactions with key management personnel

Several of the Directors of Trust House Limited and Trustees of Masterton Community Trust own or run businesses in their own right. A number of these entities transacted with the Group on an arms length basis. All transactions are entered into in the normal course of business.

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 or liquor). Directors and senior management are entitled to a 10% discount on non-discounted goods. These buying privileges are available to all employees.

Mena Antonio, a Trustee of Masterton Community Trust and a Director of Trust House Limited, is the owner of The Disapora Way which provides networking forum services to Trust House Limited. During the year Trust House Limited and Group paid The Diaspora Way \$2,430 (2018: \$64). The amount outstanding at year end was \$2,300 (2018: \$Nil).

Lucy Griffiths, a Trustee of Masterton Community Trust and a Director of Trust House Limited, is the spouse of a major shareholder in Technology Solutions which provides technology services and hardware to Trust House Limited. Technology Solutions has been the preferred supplier of information technology hardware and services to the Masterton Community Trust Group for at least 20 years, pre-dating Lucy Griffiths election to Masterton Community Trust and appointment to the the Board of Trust House Limited. During the year Trust House Limited paid Technology Solutions \$268,156 (2018: \$194,723). The amount outstanding at year end was \$16,105 (2018: \$34,713). Masterton Community Trust Group paid \$275,005 (2018: \$197,910) during the year and the amount outstanding at year end was \$16,105 (2018: \$34,713)

Cindy Grant, a senior manager of Trust House Limited, and her spouse jointly own Power Related Services Limited (PRSL) which provides electrical services and storage to the Masterton Community Trust Group. During the year the Group paid \$Nil (2018: \$7,728) and the amount outstanding at year end was \$Nil (2018: \$Nil)

(iii) Key management and personnel compensation

	2019	2018
	\$	\$
Salaries and other short term benefits	992,903	1,089,396
Post employment benefits	18,070	20,757
Termination benefits	-	-
	<u>1,010,973</u>	<u>1,110,153</u>

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

Employee Remuneration

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

	Group 2019	Group 2018
\$110,000 - \$120,000	-	1
\$120,000 - \$130,000	-	1
\$130,000 - \$140,000	-	1
\$140,000 - \$150,000	1	1
\$150,000 - \$160,000	1	-
\$160,000 - \$170,000	1	-
\$180,000 - \$190,000	-	1
\$200,000 - \$210,000	1	-
\$280,000 - \$290,000	-	-
\$300,000 - \$310,000	<u>1</u>	<u>1</u>
	<u>5</u>	<u>6</u>

23 RELATED PARTY TRANSACTIONS (continued)

(iv) Other related party transactions

	Group 2019 \$	Group 2018 \$
(a) Masterton Community Trust (MCT) - formerly Masterton Licensing Trust		
Shares in Trust House Ltd (number of shares) 10,026,629		
MCT Trustees Fees paid by Trust House Limited	15,000	15,480

When Masterton Licensing Trust was changed to Masterton Community Trust, to minimise costs, Masterton Community Trust was set up as non-trading parent. Its minimal expenses are paid by Trust House Limited.

(b) Trust House Foundation (THF)

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

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

	2019 \$	2018 \$
Funds available 1st April	669,900	583,777
Net surplus before charitable distributions	4,118,736	3,894,634
Grants unclaimed	140,078	122,062
Grants approved	<u>(4,234,379)</u>	<u>(3,930,573)</u>
	<u>694,335</u>	<u>669,900</u>

For a full list of these grants please refer to Note 27.

Site rentals paid by THF to THL	1,166,253	1,125,598
Management Fees paid by THF to THL	500,000	500,000

As at 31 March 2019, Trust House Foundation owed Trust House Limited \$23,963 (2018: \$18,536).

24 PROVISIONS

	Group 2019 \$	Group 2018 \$
Property reinstatement provisions	<u>44,270</u>	<u>41,569</u>
	<u>44,270</u>	<u>41,569</u>

The Group leases two premises. A condition 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.

	Property reinstatement provisions \$
Group 2019	
Opening balance as at 1 April 2018	41,569
Provisions added	<u>2,701</u>
Closing provision at 31 March 2019	<u>44,270</u>
Group 2018	
At 1 April 2017	109,214
Additional provisions	2,538
Outlets sold	<u>(70,183)</u>
At 31 March 2018	<u>41,569</u>

25 GROUP ENTITIES

Subsidiaries

Trust House Limited is a subsidiary. Trust House Foundation is a controlled entity.

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

26 CAPITAL MANAGEMENT

The Groups' capital includes share capital, reserves and retained earnings.

The Groups' 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 Groups' management of capital during the period.

27 GRANTS APPROVED

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

	Group 2019 \$	Group 2018 \$
Trust House Foundation - (see below for full grants listing)	4,094,301	3,808,511
Trust House Limited		
Te Timatanga Ararau Trust (Iron Maori)	30,000	30,000
Te Awhina Cameron Community Trust	-	10,000
Group Charitable distributions	<u>4,124,301</u>	<u>3,848,511</u>

Trust House Foundation grants by region:

Grants approved Masterton

Access Radio Wairarapa Charitable Trust	11,000
Age Concern New Zealand Inc	1,675
Alfredton Domain Board	1,371
Alzheimers Society Manawatu	5,000
Alzheimers Wairarapa Inc	10,000
Aratoi Regional Trust	69,252
Arbor House Trust	7,500
Arthritis Foundation of NZ Inc	1,000
Athletics Masterton Inc	2,000
Athletics Wairarapa Inc	5,500
Autism New Zealand - Wellington and Wairarapa	4,000
Bowls Wairarapa Inc	3,500
Brain Injury Association Central Districts Inc	1,200
Breast Cancer Aotearoa Coalition Inc	1,000
Bring It To Colombo Trust	55,000
Bush Multisports Trust	999
Bush Netball Club	3,619
Bush Sports Club Inc	6,000
Camp Quality Wellington/Central Districts	3,000
Cancer Society Wairarapa Dragon Boat Team Inc	4,000
Canteen Central	2,000
Carterton Swimming Club Inc	2,000
Carterton Volunteer Fire Brigade	4,500
Castlepoint Fishing Club Inc	1,071

27 GRANTS APPROVED (continued)

CCS Disability Action Wairarapa Inc	5,000
Central Districts Cricket Umpires and Scorers Assn	1,000
Central Wairarapa BMX Club Inc	7,500
Chanel College Parents Teachers and Friends Association	6,000
ChangeAbility Inc	30,000
Come Sew With Me Ltd	2,000
Community Networks Wairarapa Inc	8,000
Compass Health	3,000
Connecting Communities Wairarapa Inc	5,090
Crisis Pregnancy Support Wairarapa Trust	3,000
Dalefield Hockey Club	15,000
Dannevirke Amateur Swimming Club	1,000
Destination Wairarapa Inc	322,034
Deuce Days	2,400
Dress for Success Wellington	5,000
Dressage Wellington	3,000
East Coast Rugby Football Club Inc	1,000
Eketahuna Golf Club Inc	500
Eketahuna Home and School Association	2,000
Epilepsy Association of New Zealand Inc	5,000
Fab Lab Masterton Trust	5,000
Featherston Amateur Wrestling Club Inc	4,000
Featherston Booktown Trust	18,000
Featherston Camp Memorial Trust	4,800
Featherston Heritage Complex Society Inc	500
Featherston Hockey Club Inc	2,000
Featherston Toy Library Inc	1,000
Foureyes Foundation	15,000
Friends of the ANZAC Bridge	2,500
Gladstone Womens Hockey Club	500
Golden Shears International Shearing Championships Society Inc	40,000
Greytown Lioness Club	850
Greytown Menz Shed	3,200
Greytown Netball Club Inc	2,000
Greytown Sport & Leisure Society Inc	7,500
Greytown Volunteer Fire Brigade	10,000
Hau Arika Marae	24,000
He Kahui Wairarapa Inc	3,000
Henley Mens Shed Inc	4,000
Huruniu-o-Rangi Charitable Trust	15,000
IDFNZ Kids Foundation	2,000
Island Bay Bowling Club Inc	22,000
Island Bay Enhancement Trust	3,000
Island Bay Natural Heritage Charitable Trust Inc	7,810
Island Bay Softball Club Inc	3,446
Island Bay United AFC	36,500
Island Bay United Junior Soccer	20,000
Jazz in Martinborough	3,000
Kia Kaha Hockey Club Inc	2,500
Kidz Need Dadz	1,500
King Street Artworks Inc	33,000
KittyCat Rehoming Wairarapa	1,000
Kopuaranga Hall Society Inc	2,000
Lakeview School Board of Trustees	23,213
Lansdowne Cricket Club Inc	2,500
Learning Disabilities Assn Wai Inc	3,500
Life Education Trust Wairarapa Tararua and Central Hawkes Bay	12,500
Lions Club of Martinborough Charitable Trust	1,000
Mahunga Golf Club Inc	5,000
Makoura College Board of Trustees	22,000
Makoura Community Early Childhood Centre	8,000

27 GRANTS APPROVED (continued)

Manawa Karioi Society Inc	8,396
Marist Old Boys	1,725
Marist Rugby Football Club Masterton Inc	3,000
Martinborough Music Festival	3,500
Martinborough Rugby Football Club Inc	5,000
Martinborough Youth Trust	1,000
Masterton A & P Association	18,000
Masterton Association Football Club Inc	1,500
Masterton Bridge Club	9,000
Masterton Community Church	2,500
Masterton Community Toy Library Inc	2,000
Masterton District Council	29,500
Masterton Eketahuna Pro-am	4,000
Masterton Family Education and Support Centre	3,000
Masterton Intermediate School	15,000
Masterton Loved 4 Life Chapter 11	2,500
Masterton Motorplex Inc	24,000
Masterton Racing Club Inc	5,000
Masterton Red Star Rugby Club	5,000
Masterton Squash Club	3,000
Masterton Swimming Club Inc	5,000
Menzshed Pahiatua	1,150
MS Primary Schools Sports	1,750
New Zealand Choral Federation - Wellington Region	2,500
New Zealand Equestrian Federation Inc - Wairarapa	10,000
New Zealand Suzuki Institute - Wellington Branch	800
NZ Council of Victim Support Groups - Wairarapa	3,923
NZ Riding For The Disabled Association Inc	3,364
Opaki Netball Club	960
Opaki School Board of Trustees	4,000
Pahiatua Community Services Trust	20,000
Pahiatua Football Club	1,800
Pahiatua Golf Club Inc	10,000
Pahiatua Railcar Society Inc	4,450
Pahiatua School Board of Trustees	4,503
Parent To Parent New Zealand Inc Manawatu	1,000
Parkinson's New Zealand	5,000
Pioneer Rugby Football Club Inc	2,000
Presbyterian Support Central	2,500
Pukaha Mount Bruce Board	60,000
Red Star Cricket Club	2,500
Red Star Squash Club	10,000
Red Star Womens Hockey	800
Riversdale Beach Surf Lifesaving Club Inc	5,115
Road Safety Education Ltd	2,500
Ronald McDonald House Charities New Zealand Trust	5,000
Rotary Club of Masterton Charitable Trust	22,800
Royal New Zealand Society for Prevention of Cruelty to Animals	11,000
Ruahine Kindergartens Assn - Holyoake Kindergarten	2,000
Solway College	5,000
Solway School	1,000
South Wairarapa Pony Club Inc	1,000
SPELADD NZ Inc	1,200
Spirit of Adventure Trust	10,000
Sport Wellington	10,000
St Joseph's at Riversdale Beach Charitable Trust	18,000
St Matthews Collegiate School	3,500
St Patrick's Primary School (Masterton) Board of Trustees	5,000
Starjam Charitable Trust	5,000
Summer Shakespeare Production	2,500
Tararua College Board of Trustees	3,237

27 GRANTS APPROVED (continued)

Tararua Family Services	10,000
Te Awhina Cameron Community House Inc	35,000
Te Kura Kaupapa Maori o Wairarapa	13,000
The Carter Society Inc	50,000
The Catwalk Trust	4,000
The Duke of Edinburgh's Hillary Award	4,660
The Family Space Charitable Trust	750
The Friends of Cobblestones	2,000
The Lighthouse Church Charitable Trust	15,000
The Lions Club of Featherston Charitable Trust	1,800
The Mauriceville/Kopuaranga Fair Assn Inc	1,000
The National Heart Foundation of NZ - Masterton Branch	4,000
The Parenting Place - Attitude Division	1,384
The Scout Association of New Zealand	3,000
The Songbirds	1,500
The Swimming Trust of Wellington	2,000
The Wairarapa Community Health Trust	50,000
The White Ribbon Campaign Trust	4,000
Wairarapa Agricultural & Pastoral Society Inc	7,000
Wairarapa Arts Festival Trust	25,000
Wairarapa Balloon Society Inc	28,000
Wairarapa Bike Festival Charitable Trust	3,000
Wairarapa Branch of The Vintage Car Club	3,000
Wairarapa Bush Rugby Football Union Inc	50,000
Wairarapa Cancer Society Inc	16,000
Wairarapa Citizens Advice Bureau	3,700
Wairarapa College	7,000
Wairarapa College Sports Foundation	20,000
Wairarapa Community Centre Inc	3,000
Wairarapa Cricket Association Inc	23,000
Wairarapa Diamonds Leisure Marching Team	1,000
Wairarapa Embroiders Guild	500
Wairarapa Endurance and Competitive Trail Riding Club	2,500
Wairarapa Fern & Thistle Pipe Band	1,905
Wairarapa Free Budget Advisery Services	16,000
Wairarapa Harness Racing Club Inc	3,000
Wairarapa Hockey Association Inc	29,000
Wairarapa Inter-Collegiate Speech Competition	1,300
Wairarapa Kennel Association Inc	1,514
Wairarapa Mathematics Association	1,500
Wairarapa Racing Club Inc	17,000
Wairarapa REAP	75,000
Wairarapa Spitfires Baseball Club Inc	5,000
Wairarapa Summer Shakespeare Charitable Trust	4,500
Wairarapa Track and Field Inc	9,000
Wairarapa United Football Club Inc	65,000
Wairarapa Welsh Pony and Cob Show Group	500
Wairarapa Women's Centre	1,594
Wairarapa Youth Charitable Trust - Wairarapa Boxing Academy	30,000
Waiwaste Inc	10,000
Wellington City Mission Anglican Trust Board	1,000
Wellington Free Ambulance Service Inc	20,000
Wellington Swimming Association	17,500
Whaiora Whanui GP Services	4,500
Whakaoriori Land and Air Scout Group	10,000
Whanau Manaaki Kindergartens Island Bay	4,320
Whareama School	3,000
Wings Over Wairarapa Community Trust	80,000
WOOPS A Daisies Leisure Marching Team	1,000
Yarns in Barns Wairarapa Festival of Reading	4,000

27 GRANTS APPROVED (continued)

Total grants approved Masterton	2,243,430
Grants approved Porirua	
Adventure School	5,000
Age Concern Wellington	3,000
Aotea College	10,000
Archdiocese of Wellington Plimmerton Parish	1,535
Arthritis New Zealand	2,500
Aserit-Tatou Development Trust	10,000
Barnardos New Zealand	5,000
Big Buddy Mentoring Trust	3,000
Birthingright Wellington Inc	10,000
Bishop Viard College	8,024
Brandon Intermediate Board of Trustees	4,084
Breakthrough Centre New Zealand	5,000
Cannons Creek Opportunity Centre	15,000
Cannons Creek School	6,850
Cannons Creek Youth Charitable Trust	5,000
Central Sports Club	3,000
Chamber Music New Zealand Trust	4,000
College Sport Wellington	4,450
Cystic Fibrosis Association of New Zealand	426
Discovery School	5,000
English Language Partners NZ Trust - Porirua Centre	6,825
Environmental Education for Resource Sustainability Trust	3,078
Festival of the Elements	9,900
First Titahi Bay Scout Group	6,300
Foureyes Foundation	22,516
Greenacres School	2,538
Hampton Hill School	3,320
Hawaiki Nui Tua Rua Waka Ama Club	4,995
Holy Family School	8,000
Judgeford Golf Club Inc	1,500
Kapi Mana Netball Centre	28,923
Kerry Fundraisers	2,000
Kidscan Charitable Trust	10,000
Kidz Need Dadz Wellington	900
Kiwi Community Assistance Charitable Trust	14,764
La Leche League Mana North	5,074
Lions Club of Mana Charitable Trust	13,643
Louise Perkins Foundation - Sweet Louise	1,000
Mahinawa Specialist School and Resource	2,777
Mana Amateur Athletic Club	3,439
Mana College	10,000
Mana Kayak Racing Club Inc	10,000
Mana Marlins Masters Swim Club Inc	1,500
Mana Special Needs Childrens Trust	20,000
Mana Squash Rackets Club Inc	5,000
Mana Volunteer Coastguard Inc	15,000
Maori Basketball New Zealand Inc	45,540
Mary Potter Hospice	20,000
New Zealand Barbarians Tag Football Inc	15,000
New Zealand Myanmar Ethnic Council Inc	3,175
Ngati Toa School	11,000
Ngatitua Tennis Club Inc	3,000
Northern United Rugby Football Club Inc	70,000
NZ Council of Victim Support Groups Porirua	3,000
NZ Riding For The Disabled Association Inc	2,242
Ole Soccer Academy	20,000
Pacific Heat Sports Club	1,950

27 GRANTS APPROVED (continued)

Paremata Plimmerton Softball Club	2,739
Parents-R-Us	5,000
Parkinson's New Zealand	10,000
Partners Porirua Charitable Trust	8,000
Plimmerton Bowling Club Inc	5,000
Plimmerton Croquet Club Inc	10,000
Plimmerton Residents' Association Inc	26,750
Poneke Kilbirnie Softball Club Inc	5,350
Porirua Basketball Association	20,000
Porirua City Aquatics Inc	3,000
Porirua City Band Youth Trust	1,860
Porirua City Classic Touch	5,000
Porirua City Community IT Education Trust Inc	10,000
Porirua City Council	45,000
Porirua City Tag	5,000
Porirua City United Softball Club Inc	1,000
Porirua College Board of Trustees	25,000
Porirua Community Arts Council Inc	5,000
Porirua Foundation Inc	22,000
Porirua Grand Traverse Trust	20,000
Porirua Healthy Safer City Trust	10,000
Porirua ITF Tae Kwon Do	9,412
Porirua Living Without Violence	8,000
Porirua Primary Schools Sports Association	1,650
Porirua Rowing Club	10,000
Porirua Tag NZTFI Reps	15,000
Presbyterian Support Central	5,000
Prisoners Aid & Rehabilitation Society of the MTU District	3,000
Pukerua Bay School	2,398
Redwood School	800
Russell School	3,600
Sexual Abuse Prevention Network	2,618
Skylight	1,299
Special Olympics Mana	53,276
Special Olympics Wellington	1,380
Sri Lanka Association of New Zealand (SLANZ) Inc	1,000
St Francis Xavier School	10,000
St George Rugby League Football Club	27,421
St Pius X School	6,689
St Theresa's School Board of Trustees	10,000
SuperGrans Charitable Trust	5,000
Tawa College Board of Trustees	7,562
Tawa Hockey Club Inc	1,000
Tawa Intermediate School	4,294
Tawa Lyndhurst Tennis Club Inc	5,000
Tawa School Board of Trustees	2,800
Tawa Squash Club Inc	4,200
Tawalin Indoor Bowls Club	1,000
Te Whare Tiaki Wahine Refuge	5,000
The Black Grace Trust	10,000
The House of Grace Trust Inc	3,000
The Parenting Place	3,313
The Scout Association of New Zealand	5,000
Titahi Bay Amateur Athletics Club	20,000
Titahi Bay Boating Club Inc	4,700
Titahi Bay Marlins RLC	33,865
Titahi Bay North School	5,000
Titahi Bay Surf Life Saving Club Inc	20,000
Titahi Golf Club Inc	20,000
Toa Waka Ama Inc	10,000
Virtuoso Strings Charitable Trust	15,000

27 GRANTS APPROVED (continued)

Vixens Sports Club	1,500
Volleyball NZ	3,000
Wellfed NZ Trust	30,000
Wellington City Mission Anglican Trust Board	40,000
Wellington Hospitals Foundation	5,000
Wellington Museums Trust Inc	5,000
Wellington North Badminton Association Inc	5,000
Wellington Regional Asthma Society Inc	5,000
Wellington Riding For The Disabled Assn Inc	15,000
Wellington Rugby Football Union Inc	5,000
Wellington Samoa Rugby Union	16,000
Wellington Sexual Abuse HELP Foundation	5,000
Wellington Volunteer Centre	12,000
Wesley Wellington Mission Inc	10,000
Western Suburbs Soccer Club	20,000
Whanau Manaaki Kindergartens - Ascot Park	3,500
Whanau Manaaki Kindergartens - Brian Webb	3,000
Whanau Manaaki Kindergartens - Maraeroa	3,000
Whanau Manaaki Kindergartens - Moira Gallagher	1,100
Whanau Manaaki Kindergartens - Paremata	1,500
Whanau Manaaki Kindergartens - Pukerua Bay	2,500
Whanau Manaaki Kindergartens - Tawa Central	2,506
Whanau Manaaki Kindergartens - Tui Park	3,190
Whitby Tennis Club	3,000
Whitireia Community Law Centre Trust	30,000
Whitireia Community Polytechnic - Childcare Centre	5,000
YMCA of Greater Wellington Inc	6,000
Youth Development Trust Wellington	5,000

Total grants approved Porirua **1,369,540**

Grants approved Rimutaka

4 A Better City Charitable Trust	1,000
Arthritis Foundation of NZ (Inc)	1,000
Bellyful New Zealand Trust Hutt Valley	900
Big Buddy Mentoring Trust	4,000
Birthright (Hutt Valley) Trust	5,000
Expressions Arts & Entertainment Centre	30,000
Heretaunga Players Inc	2,078
Plateau School	2,000
Riding for the Disabled Association Hutt Valley Group Inc	7,500
Rimutaka Gymsports Inc	3,620
Rimutaka Incline Railway Heritage Trust	9,200
Rimutaka Inline Hockey Club Inc	3,000
Rimutaka Steppers Leisure Marchers	3,900
Scout Association of NZ - Hutt Valley Gang Show	7,500
Seniornet Upper Hutt Inc	2,358
Soul City Church Trust	10,000
The Upper Hutt Highlanders Inc	5,000
Top Schools Cluster	35,000
Trentham Boxing Club	1,184
Trentham United Harriers and Walkers Club Inc	5,000
Upper Hutt Animal Rescue Society Inc	3,000
Upper Hutt City Council	2,000
Upper Hutt City of Song Charitable Club	23,198
Upper Hutt Community Youth Trust	6,000
Upper Hutt Foodbank Inc	10,000
Upper Hutt Housing Trust	3,187
Upper Hutt Multicultural Council Inc	4,000
Upper Hutt Musical Theatre Inc	2,040

27 GRANTS APPROVED (continued)

Upper Hutt Women's Centre Inc	17,000
Wellington Kart Club Inc	7,920
Wellington Vintage Machinery Inc	20,800
Whanau Manaaki Kindergartens - Doris Nicholson	1,500
Total grants approved Rimutaka	<u>239,885</u>

Grants approved Flaxmere

Age Concern Flaxmere Inc	7,500
Arthritis Foundation of New Zealand	1,300
Arts Inc Heretaunga Inc	10,000
Birchleigh Polo	3,800
Birthright (HB) Child and Family Care Trust	3,000
Bridge Pa School	4,000
Canteen Hawkes Bay	2,000
Child Cancer Foundation Inc	3,000
Citizens Advice Bureau Hastings Inc	6,000
Family Works Hawkes Bay (Presbyterian Support East Coast)	26,000
Flaxmere Baptist Church Community Trust	4,500
Flaxmere Mana Wahine Softball	2,000
Friends of the Hospital	2,000
Hanley Productions Ltd	5,000
Hastings Art and Culture Trust	2,000
Hastings District Council	50,000
Hastings Foodbank Trust	5,000
Hastings Group Riding for the Disabled	5,000
Hastings Hibernian Hibernian AFC Inc	6,000
Hastings West Ross Shield	2,645
Hawkes Bay Basketball Foundation Inc	5,000
Hawkes Bay Community Fitness Centre Trust	15,000
Hawkes Bay Youth Trust	4,000
Heretaunga Kindergarten Association Inc Peterhead Kindergarten	4,398
Heretaunga Women's Centre	3,000
Irongate School	4,000
It Takes Time	1,500
Kidz Need Dadz Charitable Trust HB Inc	2,000
Kupa International Training Centre	2,396
Leg-Up Trust	20,000
MAC Sports Association Inc	8,000
Napier Civic Choir Inc	1,000
Ngati Kahungunu Iwi Inc	11,000
NZ Council of Victim Support Groups Hastings	2,500
NZ Riding For The Disabled Association Inc	1,122
Ocean Beach Kiwi Surf Life Saving Club Inc	2,500
Outward Bound Trust of New Zealand	17,142
Paharakeke Sports Club Inc	2,500
Paul Henare & Paora Winitana Basketball Trust	19,800
Prima Volta Charitable Trust	7,000
Purena Koa Rehua Youth Services	7,664
Royal New Zealand Plunket Society Inc	12,000
Swim Hawkes Bay	2,500
Takitimu District Maori Wardens Trust	5,000
Tamatea Rugby League Club Inc	7,000
Te Tai Timu Trust	3,500
The Cranford Hospice Trust	20,000
The Hearing Association - Hastings Branch Inc	5,000
The Limit (Hawkes Bay) Trust	1,600
The Parenting Place - Attitude Youth Division	1,000
Waiaapu Anglican Care - Growing Through Grief HB	5,000
Western Suburbs Rugby and Sports Club	6,657

27 GRANTS APPROVED (continued)

Wharariki (Flax) Trust	10,000
Y M C A Hawkes Bay Inc	4,000
Zeal Education Trust (Hawke's Bay)	6,000
Total grants approved Flaxmere	<u>381,524</u>
Total grants approved	4,234,379
Reversed / reduced	<u>(140,078)</u>
	<u>4,094,301</u>

28 SUBSEQUENT EVENTS

The Company and Group have two subsequent events:

A sale of excess land at Solway Park in Masterton for \$700,000 has gone unconditional and is expected to settle in September. A deposit of \$70,000 had been received by the Group prior to year end and the remaining \$630,000 will be received on settlement. The land has been classified as available for sale assets on the statement of financial position net of expected legal fees of \$4,000.

The freehold land and buildings at 1 Serlby Place, Porirua, previously partially leased by the Group, was purchased on 6 June 2019 for \$2,200,000. The building also houses a retail outlet which is let. The settlement was funded from available debt facilities. The acquisition is estimated to increase operating profit by \$82,000.

29 INCOME TAX

	Group 2019 \$	Group 2018 \$
(a) Income tax expense		
Current tax:		
Current tax on profits for the year	-	-
Adjustments in respect of prior years	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of temporary differences	-	-
Impact of change in New Zealand tax rate	<u>-</u>	<u>-</u>
Total deferred tax	<u>-</u>	<u>-</u>
Income tax expense	<u>-</u>	<u>-</u>
 (b) Numerical reconciliation of income tax expense to prima facie tax payable		
Surplus / (deficit) before tax and donations	12,480,414	11,135,533
Charitable donations	<u>(4,124,301)</u>	<u>(3,848,511)</u>
Surplus before tax	8,356,113	7,287,022
Income tax @ 28%	2,339,712	2,040,366
Tax effect of a change in tax rates	-	-
Tax effects of:		
Non taxable income	<u>(2,339,712)</u>	<u>(2,040,366)</u>
	<u>-</u>	<u>-</u>

30 DISCONTINUED OPERATIONS

In March 2017, as a result of a strategic review, the group classified its supermarket and stand-alone bottle stores segments as discontinued operations. The supermarket was sold in March 2017 and the two bottle stores were sold in June and July 2017. The trading results and effects on the group of the sale of these businesses is shown below.

(a) Financial performance and cash flow information

The financial performance and cash flow information presented are for the for the full years ended 31 March 2019 and 31 March 2018.

	Group 2019	Group 2018
	\$	\$
Income Statement		
Results of discontinued operations		
Revenue	-	673,954
Expenses	-	<u>725,158</u>
Result from operating activities	-	(51,204)
Gain on sale of discontinued operation	-	<u>375,229</u>
Profit for the period	-	<u>324,025</u>
 Statement of cash flows:		
Cash flows from discontinued operations		
Operating cash flows	-	(51,204)
Investing cash flows	-	<u>508,944</u>
Total cash flows	-	<u>457,740</u>
 Effect of disposal of discontinued operations on the financial position of the group		
Property, plant and equipment	-	(22,793)
Inventory	-	(248,444)
Trade and other payables	-	67,339
Provisions released	-	<u>70,183</u>
Total	-	<u>(133,715)</u>
 Consideration:		
Consideration received in cash	-	<u>508,944</u>
Total consideration	-	<u>508,944</u>

Independent Auditor's Report

To the readers of Masterton Community Trust and group's financial statements for the year ended 31 March 2019

The Auditor-General is the auditor of Masterton Community Trust and group (the Trust and group). The Auditor-General has appointed me, Debbie Perera, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust and group on his behalf.

Opinion

We have audited the financial statements of the Trust and group on pages 2 to 46, that comprise the statement of financial position as at 31 March 2019, the income statement, 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 Trust and group:

- present fairly, in all material respects:
 - its financial position as at 31 March 2019; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Our audit was completed on 21 August 2019. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

Responsibilities of the Trustees for the financial statements

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

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

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

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

Responsibilities of the auditor for the audit of the financial statements

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust and group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust and group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust and group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Independence

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

In addition to the audit we have carried out the financial statements audits of Trust House Limited and Trust House Foundation and an agreed upon procedures engagement for Trust House Foundation. These engagements are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with or interests in the Trust and group.



Debbie Perera
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand