TRUST HOUSE LIMITED ACCOUNTS 2020-21

The following Trust House Limited accounts are complete but due to delays caused by the Covid-19 lockdowns Audit New Zealand has been unable to conclude the Audit of these accounts.

Audit New Zealand has prioritised the completion of audits of the Government Accounts and will complete the audit of these accounts in due course.

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Trust House Limited
Financial statements
for the year ended 31 March 2021

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Contents

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Statement of profit or loss

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Group 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
Revenue	5	30,177,718	30,369,927	22,529,143	22,200,787
Cost of sales		(4,104,552)	(4,361,879)	(4,104,552)	(4,361,879)
Gross profit		26,073,166	26,008,048	18,424,591	17,838,908
Operating expenses	7	(17,282,910)	(19,125,865)	(13,543,358)	(15,240,666)
Operating profit		8,790,256	6,882,183	4,881,233	2,598,242
Finance costs	23	(935,400)	(1,119,611)	(935,400)	(1,118,358)
Finance income	23	1,500	6,941	932	6,440
Net finance costs	23	(933,900)	(1,112,670)	(934,468)	(1,111,918)
Net operating profit		**7,856,356**	**5,769,513**	**3,946,765**	**1,486,324**
Non-operating items	6	57,806,570	5,345,490	57,806,570	5,345,490
Net profit before charitable donations		**65,662,926**	**11,115,003**	**61,753,335**	**6,831,814**
Charitable donations	29	(3,041,589)	(4,262,129)	(26,000)	(40,500)
Net profit for year		**62,621,337**	**6,852,874**	**61,727,335**	**6,791,314**

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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 2021

	Group 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
Net profit / (loss)	62,621,337	6,852,874	61,727,335	6,791,314
Other comprehensive income:				
Gains on revaluation of land and buildings	946,502	-	946,502	-
	946,502	-	**946,502**	-
Total comprehensive income for the year	**63,567,839**	**6,852,874**	**62,673,837**	**6,791,314**

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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 2021

	Notes	Group 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
Total comprehensive income		63,567,839	6,852,874	62,673,837	6,791,314
Movements in equity for the year		63,567,839	6,852,874	62,673,837	6,791,314
Equity at the start of the year		82,457,748	75,604,874	81,701,854	74,910,540
Equity at the end of the year		**146,025,587**	**82,457,748**	144,375,691	**81,701,854**

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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 2021

	Notes	Group 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
Current assets					
Cash and cash equivalents	8	3,843,838	882,216	2,070,962	225,915
Trade and other receivables	9	536,904	1,419,912	626,270	1,432,150
Prepayments		444,743	337,802	368,159	260,970
Inventories	10	430,526	387,409	430,526	387,409
Other investments	11	-	-	150,000	-
Assets held for sale		-	420,000	-	420,000
Total current assets		**5,256,011**	**3,447,339**	**3,645,917**	**2,726,444**
Non-current assets					
Other investments	11	-	-	450,000	-
Investment properties	13	143,075,000	84,130,000	143,075,000	84,130,000
Property, plant and equipment	14	22,811,600	20,416,482	21,275,319	19,443,805
Intangible assets	15	842,807	910,271	707,775	739,146
Total non-current assets		**166,729,407**	**105,456,753**	**165,508,094**	**104,312,951**
Total assets		**171,985,418**	**108,904,092**	**169,154,011**	**107,039,395**
Current liabilities					
Trade and other payables	16	2,174,869	2,616,766	1,659,101	2,240,909
Employee entitlements	17	1,130,809	979,941	1,130,809	979,941
Borrowings	18	25,000	330,989	25,000	330,989
Lease liabilities	30	236,504	209,048	236,504	209,048
Provisions	25	100,000	-	100,000	-
Charitable donations allocated		665,743	732,946	-	-
Total current liabilities		**4,332,925**	**4,869,690**	**3,151,414**	**3,760,887**
Non-current liabilities					
Employee entitlements	17	35,089	29,599	35,089	29,599
Borrowings	18	20,064,584	20,089,584	20,064,584	20,089,584
Lease liabilities	30	1,512,391	1,440,752	1,512,391	1,440,752
Provisions	25,26	14,842	16,719	14,842	16,719
Total non-current liabilities		**21,626,906**	**21,576,654**	**21,626,906**	**21,576,654**
Equity					
Share capital	19	11,330,740	11,330,740	11,330,740	11,330,740
Retained earnings	19	133,458,890	70,837,553	131,808,994	70,081,659
Asset revaluation reserve	19	1,235,957	289,455	1,235,957	289,455
Total equity		**146,025,587**	**82,457,748**	**144,375,691**	**81,701,854**
Total liabilities and equity		**171,985,418**	**108,904,092**	**169,154,011**	**107,039,395**

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Signed on behalf of Trust House Limited

J KERSHAW
DIRECTOR

P ANTONIO
DIRECTOR

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

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Statement of cash flows

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Group 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
Cash flows from operating activities					
Cash was provided from:					
Receipts from customers		30,064,034	30,237,237	22,305,679	22,229,147
Interest received		1,500	6,941	932	6,440
		30,065,534	30,244,178	22,306,611	22,235,587
Cash was applied to:					
Payments to suppliers and employees		19,773,951	21,883,869	16,719,499	18,430,260
Charitable donations		3,108,792	4,144,665	26,000	40,500
Interest paid		840,466	1,028,184	840,466	1,026,931
Lease interest paid		95,578	95,592	95,578	95,592
		(23,818,787)	(27,152,310)	(17,681,543)	(19,593,283)
Net cash flows from operating activities	22	**6,246,747**	**3,091,868**	**4,625,068**	**2,642,304**
Cash flows from investing activities					
Cash was provided from:					
Sale of plant, property and equipment		8,566	956,119	1,566	695,591
Sale of intangibles		4,500	24,045	-	-
Sale of investment property		183,735	360,444	183,735	360,444
Vendor loan repayment		-	-	-	-
		196,801	1,340,608	185,301	1,056,035
Cash was applied to:					
Purchase of plant, property and equipment		1,949,440	3,777,823	879,526	3,288,458
Purchase of intangible assets		47,162	130,596	472	23,931
Loan to Trust House Foundation		-	-	600,000	-
Upgrading of investment property		1,253,430	1,227,510	1,253,430	1,227,510
		(3,250,032)	(5,135,929)	(2,733,428)	(4,539,899)
Net cash flows from investing activities		**(3,053,231)**	**(3,795,321)**	**(2,548,127)**	**(3,483,864)**
Cash flows from financing activities					
Proceeds from borrowings		-	1,000,000	-	1,000,000
Lease debt entered into		258,687	88,215	258,687	88,215
		258,687	1,088,215	258,687	1,088,215
Cash was applied to:					
Repayment of borrowings		35,000	65,000	35,000	65,000
Repayment of lease debt		159,592	184,104	159,592	184,104
		(194,592)	(249,104)	(194,592)	(249,104)
Net cash flows from financing activities		**64,095**	**839,111**	**64,095**	**839,111**
Net (decrease) / increase in cash held		3,257,611	135,658	2,141,036	(2,449)
Opening cash balance		586,227	450,569	(70,074)	(67,625)
Closing cash balance		**3,843,838**	**586,227**	**2,070,962**	**(70,074)**
Closing cash is made up of					
Cash and cash equivalents		3,843,838	586,227	2,070,962	(70,074)
	8	**3,843,838**	**586,227**	**2,070,962**	**(70,074)**

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

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Notes to the Financial Statements

1 REPORTING ENTITY

These financial statements have been prepared in accordance with the Companies Act 1993 and the Constitution of Trust House Limited. The parent and Group financial statements of Trust House Limited as at and for the year ended 31 March 2021 comprise of Trust House Limited as the parent and Trust House Foundation as a controlled entity.

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

2 BASIS OF PREPARATION

(a) Basis of compliance

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

The financial statements were approved by the Board of Directors on 1 July 2021.

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 Company has determined that it is a 'tier two' entity, as the Company has expenses less than $30 million, however, the Company elects to report under 'tier one' accounting standards.

Trust House Limited is a company incorporated and domiciled in New Zealand, registered under the Companies Act 1993. The companies 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) Basis of measurement

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) Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include:

- Financial instruments' risk management and policies	Note 20
- Sensitivity analyses disclosures	Note 15 and 20

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

- Note 13 - Valuation of investment property
- Note 14 - Valuation of land and buildings
- Note 15 - Goodwill impairment
- Note 30 - Estimating the incremental borrowing rate for leases

(e) Changes in accounting policy and disclosures

All accounting policies adopted in these financial statements are consistent with those of the previous financial year.

3 SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The Group has following financial assets which are all measured at amortised cost: cash and cash equivalents, trade and other receivables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group has following financial liabilities which are all measured at amortised cost: trade and other payables, loans and borrowings including bank overdrafts.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade and other receivables

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

Borrowings

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

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.

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.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

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 straight-line basis on all plant, property and equipment and gaming machines (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	1.96%-4.35%
Land & Buildings - services and fit out	4.35%-33.33%
Furniture & Plant - general	5.26%-50%
Furniture & Plant - gaming machines and counters	25%-100%
Motor Vehicles	10.5%-20%
Hydro Assets - Electrical reticulation	6.67%
Hydro Assets - Computerised load control equipment	16.67%

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.

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3 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. Gaming machine software upgrades are amortised at 25% per year on a straight-line basis.

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

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

Investment property

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

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

With the introduction of IFRS 13 Fair value measurement, the Group's 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 Statement of profit or loss. 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 Statement of profit or loss

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.

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Leases

Until the 2020 financial year, leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership were classified as finance leases.

(i) Measurement Basis

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group’s incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and phones.

(ii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by Group and not by the respective Lessor.

Inventories

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

Employee entitlements

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

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

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

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

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

Revenue

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

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 Statement of profit or loss 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.

(5) Government Grants

Government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant.
Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

Investments

Investments comprise of a loan to Trust House Foundation. The loan is measured at amortised cost

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.

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.

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3 SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards, amendments and interpretations not yet effective

There are no standards or amendments that have been issued but are not yet effective that are expected to have a significant impact on the Group.

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.

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5 REVENUE

	Group		Parent	
	2021	**2020**	**2021**	**2020**
	$	$	**$**	$
Revenue from contracts with customers	22,297,719	23,472,929	14,649,144	15,303,789
Wage subsidy	995,504	36,870	995,504	36,870
Revenue from other sources	287,003	561,524	287,003	561,524
Residential rental revenue	6,597,492	6,298,604	6,597,492	6,298,604
Total revenue	30,177,718	30,369,927	22,529,143	22,200,787

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 earnt in the lower North Island.

	Revenue recognised at a point in time $	**Revenue recognised over time $**	**Total $**
Group			
2021			
Hospitality	12,518,404	-	12,518,404
Gaming income	9,277,467	-	9,277,467
Other	443,485	58,363	501,848
Total	22,239,356	58,363	22,297,719
2020			
Hospitality	13,194,465	-	13,194,465
Residential rents	-	-	-
Gaming income	9,902,629	-	9,902,629
Other	337,348	38,487	375,835
Total	23,434,442	38,487	23,472,929

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	Revenue recognised at a point in time $	**Revenue recognised over time $**	**Total $**
Parent			
2021			
Hospitality	12,518,404	-	12,518,404
Venue payments	1,169,996	-	1,169,996
Management services	-	458,896	458,896
Other	443,485	58,363	501,848
Total	14,131,885	517,259	14,649,144
2020			
Hospitality	13,194,465	-	13,194,465
Venue payments	1,233,489	-	1,233,489
Management services	-	500,000	500,000
Other	337,348	38,487	375,835
Total	14,765,302	538,487	15,303,789

5 REVENUE (continued)

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.

Trust House Limited receives management fees from the Trust House Foundation. Trust House Limited must ensure that all services under the contract, primarily provision of administration, accounting, secretarial support and Class IV gaming expertise are provided to the standard required in the management contract.

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

The parent and group has the following revenue recognised at a point in time:

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

Venue payments relates to commission received from Trust House Foundation for managing their gaming activities at Trust House Limited venues.

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.

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6 NON-OPERATING ITEMS

		Group 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
Change in fair value of investment property	13	57,806,570	5,345,490	57,806,570	5,345,490
		57,806,570	5,345,490	57,806,570	5,345,490

7 OPERATING EXPENSES

	Group 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
Administration and financial	1,288,945	1,263,854	1,071,142	1,062,132
Advertising and promotion	581,374	852,367	581,374	852,367
Audit Fees	105,048	102,053	89,952	87,376
Audit Fees - Masterton Community Trust	4,450	4,322	4,450	4,322
Prospective financial statement review*	4,210	4,210	-	-
Bad debts	14,967	204	14,967	204
Movement in provision for doubtful debts	(11,064)	21,928	(11,064)	21,928
Depreciation	1,724,207	1,732,750	1,212,201	1,227,936
Amortisation	105,808	112,351	31,371	36,295
Impairment of property, plant and equipment	13,867	5,000	13,867	5,000
Impairment of investment property	-	164,000	-	164,000
Loss / (gain) on sale of plant and equipment	(7,415)	(123,869)	-	-
Loss / (gain) on sale of intangible assets	9,596	(1,660)	-	-
Loss / (gain) on sale of investment properties	-	40,556	-	40,556
Property expenses	4,203,418	4,406,361	4,034,496	4,194,939
Rent and lease expenses	311,431	351,000	-	715
Employee costs	7,222,695	7,335,976	7,222,695	7,335,976
Directors and Trustees Fees	309,841	327,230	203,539	206,920
Gaming Machine Duty and Licenses	2,327,164	2,527,232	-	-
Reversal of impairments	(925,632)	-	(925,632)	-
	17,282,910	19,125,865	13,543,358	15,240,666

* 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

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8 CASH AND CASH EQUIVALENTS

	Group 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
Bank balances	3,610,575	656,370	1,837,699	69
Cash floats	233,263	225,846	233,263	225,846
Cash and cash equivalents	3,843,838	882,216	2,070,962	225,915

	Group 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
Cash and cash equivalents	3,843,838	882,216	2,070,962	225,915
Bank overdrafts used for cash management purposes	-	(295,989)	-	(295,989)
Cash and cash equivalents	3,843,838	586,227	2,070,962	(70,074)

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

9 TRADE AND OTHER RECEIVABLES

	Group 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
Trade receivables	362,069	266,971	362,069	266,971
Less provision for impairment	(37,596)	(48,660)	(37,596)	(48,660)
	324,473	218,311	324,473	218,311
Sundry receivables	212,431	1,201,601	301,797	1,213,839
	536,904	1,419,912	626,270	1,432,150

	Group and Parent 2021 $	Group and Parent 2020 $
Aging of trade receivables		
The status of trade receivables at the reporting date is as follows:		
Not past due	269,409	132,711
1-30 days	34,866	50,943
31-60 days	7,050	11,048
60 days+	50,744	72,269
	362,069	266,971

As of 31 March 2021, trade receivables of $37,596 (2020: $48,660) were past due and considered impaired and trade receivables of $55,064 (2020: $85,600) were past due but not considered impaired.

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9 TRADE AND OTHER RECEIVABLES (continued)

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

	Group 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
As at 1 April	48,660	26,732	48,660	26,732
Additional provisions made during the year	3,310	21,928	3,310	21,928
Receivables written off during the year	(14,374)	-	(14,374)	-
Balance at the end of the year	37,596	48,660	37,596	48,660

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 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
Raw materials and consumables	65,545	67,406	65,545	67,406
Goods available for sale	364,981	320,003	364,981	320,003
	430,526	387,409	430,526	387,409

Inventory comprises goods available for sale and food ingredients.

No inventories are pledged as security for liabilities (2020 $nil). However, some inventories are subject to retention of title clauses.

11 OTHER INVESTMENTS

	Group 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
Current investments (at amortised cost)				
Loan to Trust House Foundation	-	-	150,000	-
Total investments	-	-	150,000	-
Non current investments (at amortised cost)				
Loan to Trust House Foundation	-	-	450,000	-
	-	-	450,000	-
Total investments	-	-	600,000	-

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12 CASH GENERATION

The table below shows the cash generation of the housing division and the rest of the group. Central office costs and interest expense have been allocated to the Housing Division to better reflect its actual performance.

	Group 2020/21		**Group 2019/20**	
	Rest of THL $	**Housing $**	**Rest of THL $**	**Housing $**
Revenue	23,538,049	6,639,669	23,798,306	6,571,621
Cost of sales	(4,104,552)	-	(4,361,879)	-
Gross profit	19,433,497	6,639,669	19,436,427	6,571,621
Operating expenses	(14,182,098)	(3,100,812)	(15,831,538)	(3,294,327)
Operating profit	5,251,399	3,538,857	3,604,889	3,277,294
Finance costs	(109,520)	(825,880)	(117,663)	(1,001,948)
Finance income	1,500	-	6,941	-
Net finance costs	(108,020)	(825,880)	(110,722)	(1,001,948)
Net operating profit	5,143,379	2,712,977	3,494,167	2,275,346
Housing improvements	-	(1,253,430)	-	(1,218,780)
Net profit after housing improvements	5,143,379	1,459,547	3,494,167	1,056,566
Add back				
Depreciation/amortisation	1,776,083	53,932	1,777,959	67,142
Impairments / (reversal of impairments)	(911,765)	-	169,000	-
Total non-cash expenses	864,318	53,932	1,946,959	67,142
Cash Generated	**6,007,697**	**1,513,479**	**5,441,126**	**1,123,708**

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13 INVESTMENT PROPERTY

	Group and Parent 2021 $	2020 $
Investment property is comprised of		
Residential property	139,845,000	81,075,000
Commercial property	3,230,000	3,055,000
	143,075,000	84,130,000
Classified as:		
Current - available for sale at 31 March	-	-
Non-Current	143,075,000	84,130,000
	143,075,000	84,130,000

(a) Residential properties

	Group and Parent 2021 $	2020 $
Balance at 1 April	81,075,000	75,244,000
Impairments due to fires	-	(164,000)
Properties sold during the year	(115,000)	(383,000)
Improvements	1,253,430	1,218,780
Change in fair value - recognised in Statement of profit or loss	57,631,570	5,159,220
	139,845,000	81,075,000

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Residential investment property comprises 482 (2020: 483) rental houses in the lower North Island.
The Group's investment properties are valued annually at fair market value effective 31st March 2021.

The house sold during the year was sold at market value to an existing tenant on compassionate grounds.

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 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.

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.

13 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 commerical properties has been designated as an investment property.

	Group and Parent	
	2021	**2020**
	$	$
Balance at 1 April	3,055,000	1,470,000
Land right of use asset recognised on adoption of IFRS 16 Leases (see note 29)	-	1,390,000
Improvements	-	8,730
Change in fair value - recognised in Statement of profit or loss	175,000	186,270
Balance at 31 March	3,230,000	3,055,000
Classified as:		
Non Current	3,230,000	3,055,000
	3,230,000	3,055,000

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 buildings at 31 March 2021 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 and Parent	
	2021	**2020**
	$	**$**
Rental income	245,808	247,750
Tenant recharge income	33,515	31,541
Expenses from investment property generating income	129,535	128,927

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14 PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings $	Furniture and plant $	Hydro assets $	Motor vehicles $	Total $
Cost or valuation					
Balance at 1 April 2019	15,950,385	8,825,288	996,437	98,139	25,870,249
IFRS 16 Adjustment	306,356	170,322	-	112,248	588,926
Additions	2,952,332	848,575	7,565	97,613	3,906,085
Disposals	(949,128)	(805,751)	-	(21,569)	(1,776,448)
Reclassified from available for sale	700,000	-	-	-	700,000
Reclassified to available for sale	(425,000)	-	-	-	(425,000)
Balance at 31 March 2020	**18,534,945**	**9,038,434**	**1,004,002**	**286,431**	**28,863,812**
Balance at 1 April 2020	18,534,945	9,038,434	1,004,002	286,431	28,863,812
Additions	377,265	1,340,299	3,257	126,080	1,846,901
Disposals	-	(391,735)	-	(36,991)	(428,726)
Revaluation of land and buildings	1,144,983	-	-	-	1,144,983
Reclassified as available for sale	425,000	-	-	-	425,000
Balance at 31 March 2021	**20,482,193**	**9,986,998**	**1,007,259**	**375,520**	**31,851,970**
Depreciation and impairment losses					
Balance at 1 April 2019	726,707	6,075,507	543,206	63,326	7,408,746
Depreciation for the year	559,323	1,056,315	33,658	83,454	1,732,750
Disposals	(13,522)	(663,075)	-	(21,569)	(698,166)
Impairment loss - through Statement of profit or loss	5,000	-	-	-	5,000
Reclassified from available for sale	4,000	-	-	-	4,000
Reclassified as available for sale	(5,000)	-	-	-	(5,000)
Balance at 31 March 2020	**1,276,508**	**6,468,747**	**576,864**	**125,211**	**8,447,330**
Balance at 1 April 2020	1,276,508	6,468,747	576,864	125,211	8,447,330
Depreciation for the year	591,962	1,018,129	35,065	79,051	1,724,207
Disposals	-	(385,894)	-	(36,990)	(422,884)
Impairments	-	-	-	-	-
Revaluation of land and buildings	(713,283)	-	-	-	(713,283)
Reclassified from available for sale	5,000	-	-	-	5,000
Reclassified as available for sale	-	-	-	-	-
Balance at 31 March 2021	**1,160,187**	**7,100,982**	**611,929**	**167,272**	**9,040,370**
Carrying amounts					
As at 31 March 2020	17,258,437	2,569,687	427,138	161,220	20,416,482
As at 31 March 2021	19,322,005	2,886,016	395,330	208,249	22,811,600

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14 PROPERTY, PLANT AND EQUIPMENT (continued)

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Parent	**Land and buildings** $	**Furniture and plant** $	**Hydro assets** $	**Motor vehicles** $	**Total** $
Cost or valuation					
Balance as at 1 April 2019	15,950,385	4,566,546	615,274	98,139	21,230,344
IFRS 16 Opening balance adjustment	306,356	170,322	-	112,248	588,926
Acquisitions	-	-	-	-	-
Additions	2,952,332	359,210	7,565	97,613	3,416,720
Disposals	(949,128)	(110,983)	-	(21,569)	(1,081,680)
Reclassified from available for sale	700,000	-	-	-	700,000
Reclassified to available for sale	(425,000)	-	-	-	(425,000)
Balance at 31 March 2020	**18,534,945**	**4,985,095**	**622,839**	**286,431**	**24,429,310**
Balance at 1 April 2020	18,534,944	4,985,095	622,838	286,432	24,429,309
Additions	377,265	259,109	3,257	126,080	765,711
Disposals	-	(63,329)	-	(36,991)	(100,320)
Revaluation of land and buildings	1,144,983	-	-	-	1,144,983
Reclassified from available for sale	425,000	-	-	-	425,000
Balance at 31 March 2021	**20,482,192**	**5,180,875**	**626,095**	**375,521**	**26,664,683**
Depreciation and impairment losses					
Balance as at 1 April 2019	726,707	2,941,549	162,043	63,326	3,893,625
Depreciation for the year	559,323	551,501	33,658	83,454	1,227,936
Disposals	(13,522)	(104,965)	-	(21,569)	(140,056)
Reclassified from available for sale	4,000	-	-	-	4,000
Impairment loss - through Statement of profit or loss	5,000	-	-	-	5,000
Reclassified as available for sale	(5,000)	-	-	-	(5,000)
Balance at 31 March 2020	**1,276,508**	**3,388,085**	**195,701**	**125,211**	**4,985,505**
Balance at 1 April 2020	1,276,508	3,388,085	195,701	125,211	4,985,505
Depreciation for the year	591,962	506,122	35,065	79,051	1,212,200
Disposals	-	(63,067)	-	(36,990)	(100,057)
Reclassified from available for sale	5,000	-	-	-	5,000
Revaluation of land and buildings	(713,283)	-	-	-	713,283
Balance at 31 March 2021	**1,160,187**	**3,831,140**	**230,766**	**167,272**	**5,389,365**
Carrying amounts					
As at 31 March 2020	**17,258,437**	**1,597,010**	**427,138**	**161,220**	**19,443,805**
As at 31 March 2021	**19,322,005**	**1,349,735**	**395,330**	**208,249**	**21,275,319**

14 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 2021.

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 2021 was $19,195,000. 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

Impairment losses for the company of $13,867 were recognised in 2020/21 (2019/20 $5,000).

Insurance

The Trust House 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.

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15 INTANGIBLE ASSETS

Group	Goodwill $	Software $	Total $
Cost			
Balance at 1 April 2019	770,000	831,800	1,601,800
Additions	-	86,218	86,218
Disposals	-	(48,246)	(48,246)
Balance at 31 March 2020	**770,000**	**869,772**	**1,639,772**
Balance at 1 April 2020	770,000	869,772	1,639,772
Additions	-	52,440	52,440
Disposals	-	(37,510)	(37,510)
Balance at 31 March 2021	**770,000**	**884,702**	**1,654,702**
Amortisation and impairment losses			
Balance at 1 April 2019	114,286	528,725	643,011
Disposals	-	(25,861)	(25,861)
Amortisation for the year	6,350	106,001	112,351
Balance at 31 March 2020	**120,636**	**608,865**	**729,501**
Balance at 1 April 2020	120,636	608,865	729,501
Disposals	-	(23,414)	(23,414)
Amortisation for the year	-	105,808	105,808
Balance at 31 March 2021	**120,636**	**691,259**	**811,895**
Carrying amounts			
As at 31 March 2020	649,364	260,907	910,271
As at 31 March 2021	649,364	193,443	842,807

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15 INTANGIBLE ASSETS (continued)

Parent	**Goodwill $**	**Software $**	**Total $**
Cost			
Balance at 1 April 2019	770,000	481,949	1,251,949
Additions	-	24,403	24,403
Balance at 31 March 2020	**770,000**	**506,352**	**1,276,352**
Balance at 1 April 2020	770,000	506,352	1,276,352
Amortisation and impairment losses			
Balance at 1 April 2019	114,286	386,625	500,911
Amortisation charge	6,350	29,945	36,295
Balance at 31 March 2020	**120,636**	**416,570**	**537,206**
Balance at 1 April 2020	120,636	416,570	537,206
Amortisation charge	-	31,371	31,371
Balance at 31 March 2021	**120,636**	**447,941**	**568,577**
Carrying amounts			
As at 31 March 2020	649,364	89,782	739,146
As at 31 March 2021	649,364	58,411	707,775

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15 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:

Legends Sports Bar

Legends Sports Bar 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 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%.

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 Street 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%.

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

	Group and Parent	
	2021	**2020**
	$	**$**
The Ledge	79,364	79,364
Post Office Hotel	395,000	395,000
Jackson Street Bar	175,000	175,000
Total Goodwill	649,364	649,364

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

15 INTANGIBLE ASSETS (continued)

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.

16 TRADE AND OTHER PAYABLES

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	Group 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
Trade creditors	1,162,700	785,550	828,211	591,195
Interest payable	4,382	5,026	4,382	5,026
Capital payables	58,562	161,100	47,286	161,100
Accrued expenses	777,263	539,101	613,010	357,599
Intangible payables	5,750	472	-	472
Revenue in advance	166,212	1,125,517	166,212	1,125,517
	2,174,869	2,616,766	1,659,101	2,240,909

17 EMPLOYEE ENTITLEMENTS

	Group 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
Current portion				
Accrued pay	345,078	267,145	345,078	267,145
Accrued leave	764,638	688,026	764,638	688,026
Provision for staff long service / retirement benefits	19,158	20,881	19,158	20,881
Sick pay	1,935	3,889	1,935	3,889
	1,130,809	979,941	1,130,809	979,941
Non-current portion				
Provision for long service / retirement benefits	35,089	29,599	35,089	29,599
	35,089	29,599	35,089	29,599
Total employee entitlements	1,165,898	1,009,540	1,165,898	1,009,540

18 BORROWINGS

	Group 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
Current liabilities				
Bank overdrafts	-	295,989	-	295,989
Other loans	25,000	35,000	25,000	35,000
	25,000	330,989	25,000	330,989
Non-current liabilities				
Secured bank loans	20,000,000	20,000,000	20,000,000	20,000,000
Other loans	64,584	89,584	64,584	89,584
	20,064,584	20,089,584	20,064,584	20,089,584

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 20.

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 2021 $	Carrying amount 2021 $	Face value 2020 $	Carrying amount 2020 $
Group & Parent						
Secured BNZ Bank loans	2.66%-5.12%	2023	15,000,000	15,000,000	15,000,000	15,000,000
Secured BNZ Bank loans	5.16%	2022	5,000,000	5,000,000	5,000,000	5,000,000
Other loans	0.0%		89,584	89,584	124,584	124,584
Bank overdrafts			-	-	295,989	295,989
Total interest-bearing liabilities			20,089,584	20,089,584	20,420,573	20,420,573

The ANZ overdrafts are secured with registered first mortgages over land and buildings with a carrying amount of $7,100,000 (2020: $7,547,571). The ANZ 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.

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19 CAPITAL AND RESERVES

Group	**Share capital**	**Revaluation reserve**	**Retained earnings**	**Total equity**
	$	**$**	**$**	**$**
Balance at 1 April 2019	11,330,740	289,455	63,984,679	75,604,874
Total comprehensive income / (expense)	-	-	6,852,874	6,852,874
Balance at 31 March 2020	11,330,740	289,455	70,837,553	82,457,748
Balance at 1 April 2020	11,330,740	289,455	70,837,553	82,457,748
Total comprehensive income / (expense)	-	946,502	62,621,337	63,567,839
Balance at 31 March 2021	11,330,740	1,235,957	133,458,890	146,025,587

Parent	**Share capital**	**Revaluation reserve**	**Retained earnings**	**Total equity**
	$	**$**	**$**	**$**
Balance at 1 April 2019	11,330,740	289,455	63,290,345	74,910,540
Total comprehensive income / (expense)	-	-	6,791,314	6,791,314
Balance at 31 March 2020	11,330,740	289,455	70,081,659	81,701,854
Balance at 1 April 2020	11,330,740	289,455	70,081,659	81,701,854
Total comprehensive income / (expense)	-	946,502	61,727,335	62,673,837
Balance at 31 March 2021	11,330,740	1,235,957	131,808,994	144,375,691

Number of shares on issue at 31 March 2021 10,637,000 (2020: 10,637,000). All issued shares are fully paid up and have no par value.

The large increase in capital in 2020-21 was largely as a result of the strong residential housing market. The revaluation of the residential housing portfolio at 31 March 2021 led to an increase in in capital and reserves of $57,631,570. This revaluation is part of the non-operating income on the Statement of profit or loss.

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20 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 instalment 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 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.

	Group 2021 $	**Group 2020** $	**Parent 2021** $	**Parent 2020** $
Overdrafts and credit lines in place	1,500,000	2,000,000	1,500,000	1,500,000
Term facilities undrawn	3,000,000	1,000,000	3,000,000	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.

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20 FINANCIAL INSTRUMENTS (continued)

(a) Liquidity risk

The following table sets out the contractual cash flows for all financial liabilities, except for lease liabilities in Note 30.

Group 2021	**12 months or less**	**1-2 years**	**2-5years**	**More than 5 years**	**Contractual cash flows**	**Carrying Amount**
	$	$	$	$	$	$
Secured bank loans	784,700	5,639,089	15,308,805	-	21,732,594	20,000,000
Other loans	25,000	25,000	39,584	-	89,584	89,584
Trade and other payables	1,456,713	-	-	-	1,456,713	1,456,713
Bank overdraft	-	-	-	-	-	-
Total liabilities	2,266,413	5,664,089	15,348,389	-	23,278,891	21,546,297
Group 2020						
Secured bank loans	916,900	916,900	21,157,603	-	22,991,403	20,000,000
Other loans	35,000	25,000	64,584	-	124,584	124,584
Trade and other payables	1,080,528	-	-	-	1,080,528	1,080,528
Bank overdraft	295,989	-	-	-	295,989	295,989
Total liabilities	2,328,417	941,900	21,222,187	-	24,492,504	21,501,101

Parent 2021	**12 months or less**	**1-2 years**	**2-5years**	**More than 5 years**	**Contractual cash flows**	**Carrying Amount**
	$	$	$	$	$	$
Secured bank loans	784,700	5,639,089	15,308,805	-	21,732,594	20,000,000
Other loans	25,000	25,000	39,584	-	89,584	89,584
Trade and other payables	1,380,281	-	-	-	1,380,281	1,380,281
Bank Overdraft	-	-	-	-	-	-
Total liabilities	2,189,981	5,664,089	15,348,389	-	23,202,459	21,469,865
Parent 2020						
Secured bank loans	916,900	916,900	21,157,603	-	22,991,403	20,000,000
Other loans	35,000	25,000	64,584	-	124,584	124,584
Trade and other payables	1,044,666	-	-	-	1,044,666	1,044,666
Bank Overdraft	295,989	-	-	-	295,989	295,989
Total liabilities	2,292,555	941,900	21,222,187	-	24,456,642	21,465,239

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(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 $17,399 (2020:$63,550) and for the parent a reduction in profit of $33,349 (2020:$72,960).

20 FINANCIAL INSTRUMENTS (continued)

(c) Classification and fair values

Group	Financial assets at amortised cost $	Total carrying value and fair value $
2021		
Assets		
Trade and other receivables	536,904	536,904
Cash and cash equivalents	3,843,838	3,843,838
	4,380,742	4,380,742
2020		
Assets		
Trade and other receivables	1,419,911	1,419,911
Cash and cash equivalents	882,216	882,216
	2,302,127	2,302,127
Parent		
2021		
Assets		
Trade and other receivables	626,270	626,270
Loan to related party	600,000	600,000
Cash and cash equivalents	2,070,962	2,070,962
	3,297,232	3,297,232
2020		
Assets		
Trade and other receivables	1,432,150	1,432,150
Cash and cash equivalents	225,915	225,915
	1,658,065	1,658,065

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20 FINANCIAL INSTRUMENTS (continued)

Group	Financial liabilities at amortised cost $	Fair value amount $
2021		
Liabilities		
Trade and other payables	1,456,713	1,456,713
Borrowings	20,089,584	20,089,584
Total liabilities	21,546,297	21,546,297
2020		
Liabilities		
Trade and other payables	1,080,528	1,080,528
Borrowings	20,420,573	20,420,573
Total liabilities	21,501,101	21,501,101
Parent		
2021		
Liabilities		
Trade and other payables	1,380,281	1,380,281
Borrowings	20,089,584	20,089,584
Total liabilities	21,469,865	21,469,865
2020		
Liabilities		
Trade and other payables	1,044,666	1,044,666
Borrowings	20,420,573	20,420,573
Total liabilities	21,465,239	21,465,239

21 COMMITMENTS AND CONTINGENCIES

The Group and Parent had capital commitments of $Nil at 31 March 2021 (2020; $Nil).

The Group and Parent had contingent liabilities of $55,000 as at 31 March 2020 (2019: $55,000)

The Group and Parent have 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.

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

	Group 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
Net Profit/(Loss) for year	62,621,337	6,852,874	61,727,335	6,791,314
Add (less) non-cash items:				
Depreciation	1,724,207	1,732,750	1,212,201	1,227,936
Amortisation of intangibles	105,808	112,351	31,371	36,295
Revaluation of investment properties	(57,806,570)	(5,345,490)	(57,806,570)	(5,345,490)
Provisions	98,123	(27,551)	98,123	(27,551)
Fixed assets impairment / (reversal)	(911,763)	5,000	(911,763)	5,000
Investment property impairment	-	164,000	-	164,000
(Gain) loss on sale of intangibles	9,596	(1,660)	-	-
(Gain) loss on sale of fixed assets	(2,724)	(111,073)	(1,304)	12,796
Gain on sale of investment property	(68,735)	22,556	(68,735)	22,556
Investments issued in lieu of rebates	-	51,446	-	51,446
	(56,852,058)	(3,397,671)	(57,446,677)	(3,853,012)
Add (less) movements in working capital items:				
(Increase) / decrease in receivables and prepayments	800,545	(1,147,383)	698,693	(1,110,035)
(Increase)/ decrease in inventories	(43,117)	11,868	(43,117)	11,868
Increase / (decrease) in charitable distributions payable	(67,203)	117,464	-	-
Increase/ (decrease) in employee entitlements	156,358	118,534	156,358	118,534
Increase/ (decrease) in trade and other payables	(369,115)	536,182	(467,524)	683,635
	477,468	(363,335)	344,410	(295,998)
Net cash inflow from operating activities	6,246,747	3,091,868	4,625,068	2,642,304

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23 FINANCE INCOME AND EXPENSES

	Consolidated		Parent	
	2021 $	2020 $	2021 $	2020 $
Finance costs				
Interest expense	839,822	1,024,947	839,822	1,023,694
Lease interest expense	95,578	94,664	95,578	94,664
Total finance costs	935,400	1,119,611	935,400	1,118,358
Interest income	(1,500)	(6,941)	(932)	(6,440)
Total finance income	(1,500)	(6,941)	(932)	(6,440)
Net finance costs	933,900	1,112,670	934,468	1,111,918

24 RELATED PARTY TRANSACTIONS

(i) Parent and ultimate controlling party

The immediate parent and ultimate controlling party of Trust House Limited 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 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 Director of Trust House Limited, is a Trustee of Leaving the Ladder Down Charitable Trust. During the year Trust House Limited and Group made a charitable donation to the trust of $6,000 (2020: $Nil).

Lucy Griffiths, 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 Trust House Group for at least 20 years, pre-dating Lucy Griffiths election to Masterton Community Trust and appointment to the the Board of Trust House Limited. During the year Trust House Limited paid Technology Solutions $165,892 (2020: $202,545). The amount outstanding at year end was $34,240 (2020: $17,531).Trust House Group paid $172,811 (2020: $206,889) during the year and the amount outstanding at year end was $35,570 (2020: $18,329)

Toni Kennerley, a Director of Trust House Limited, is a major shareholder of Planalytics NZ Limited which provides strategic housing and policy-related services to Trust House Limited. During the year Trust House Limited and Group paid Planalytics NZ Limited $2,500 (2020: $Nil). The amount outstanding at year end was $2,875 (2020: $Nil).

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 Trust House Group. During the year Trust House Limited paid PRSL $950 (2020: $4,300). The amount outstanding at year end was $Nil (2020: $Nil). Trust House Group paid $950 (2020: $4,300) during the year and the amount outstanding at year end was $Nil (2020: $Nil)

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(iii) Key management and personnel compensation

	2021 $	2020 $
Salaries and other short-term benefits	996,608	1,021,300
Post-employment benefits	17,239	18,764
	-	-
	1,013,847	1,040,064

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.

	2021	2020
$130,000 - $140,000	-	1
$140,000 - $150,000	1	-
$150,000 - $160,000	1	-
$160,000 - $170,000	1	2
$190,000 - $200,000	-	1
$200,000 - $210,000	2	-
$300,000 - $310,000	-	1
	5	5

24 RELATED PARTY TRANSACTIONS (continued)

(iv) Other related party transactions

	2021 $	2020 $
(a) Sales of goods and services: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	21,556	16,920

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 Directors of Trust House Limited are also Trustees of Trust House Foundation.

(ii) Gaming machine proceeds are generated in the premises of Trust House Limited, Rimutaka 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.

	2021 $	2020 $
Funds available 1st April	755,894	694,334
Net surplus before charitable distributions	3,909,591	4,283,189
Grants unclaimed	169,112	134,036
Grants approved	(3,184,701)	(4,355,665)
	1,649,896	755,894

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

Site rentals paid by THF to THL	1,169,996	1,233,489
Management Fees paid by THF to THL	458,896	500,000

As at 31 March 2021, Trust House Foundation owed Trust House Limited $689,366 (2020: $12,238).

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25 CURRENT PROVISIONS

	Consolidated		Parent	
	2021	2020	2021	2020
	$	$	$	$
Legal claims	100,000	-	100,000	-
	100,000	-	100,000	-

The legal claims provisions is for potential legal fees in relation to a dispute over a land sale. The purchaser did not complete the contract by the required date and the Group exercised its right to cancel the contract. The legality of this cancellation is being disputed by the purchaser.

26 NON-CURRENT PROVISIONS

	Group 2021 $	Group 2020 $	Parent 2021 $	Parent 2020 $
Property reinstatement provisions	14,842	16,719	14,842	16,719
Legal claims	-	-	-	-
	14,842	16,719	14,842	16,719

Trust House Limited leases one premise. A condition of the lease 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.

	Property reinstatement provisions $	Total $
Group and Parent 2021		
Non-current		
Opening balance as at 1 April 2020	16,719	16,719
Provisions added	(1,877)	(1,877)
Closing provision at 31 March 2021	14,842	14,842
Group and Parent 2020		
Non-current		
Opening at 1 April 2019	44,270	44,270
Provisions added	3,635	3,635
Previously leased building purchased	(31,186)	(31,186)
Closing provision at 31 March 2020	16,719	16,719

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27 GROUP ENTITIES

Subsidiaries

Trust House Foundation is a controlled entity.

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

28 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.

29 CHARITABLE DISTRIBUTIONS

The following charitable donations were made by Trust House Limited during the year.

	Parent	
	2021	**2020**
	$	**$**
Masterton food bank	20,000	-
Leaving the ladder down charitable trust	6,000	-
Iron Maori	-	30,000
Wairarapa free budgeting service	-	10,000
Fostering Kids NZ	-	500
	26,000	40,500

The Group total includes community donations paid through Trust House Foundation - refer note 24(b)

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30 LEASES

The group leases premises, equipment such as photocopiers and televisions, and vehicles as part of its normal trading activities.

The group also has a land right of use asset that is classified as an investment property.

On adoption of NZ IFRS 16 Leases the group utilised the following practical expedients available under the standard
a) applied a single discount rate to a portfolio of leases with similar terms and similar class of underlying asset
b) excluded initial direct costs from the measurement of the right of use assets at the date of initial application

The following is a reconciliation of operating lease commitments disclosed at 31 March 2019 to the lease liabilities recognised on 1 April 2019

	Group and Parent $
Total operating commitments disclosed at 31 March 2019	1,200,452
Intangible commitment where IFRS 16 not applied	(95,360)
Minor adjustments relating to commitment disclosures	35,311
Operating lease liabilities before discounting	1,140,403
Discount using incremental borrowing rate	(132,194)
Operating lease liabilities	1,008,209
Reasonably certain extension options	970,717
Total lease liabilities recognised under IFRS 16 at 1 April 2019	1,978,926
In relation property plant & equipment	588,926
In relation to investment property	1,390,000
	1,978,926

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The weighted average incremental borrowing rate applied to lease liabilities at 1 April 2019 initial application was 5.48%. There was no impact on prior period results and no impact on equity at 31 March 2019.

Trust House Foundation (a controlled entity) paid Class IV gaming venue payments which are a lease by nature. The payments are variable dependent on gaming income. In these circumstances IFRS 16 permits payments to be classified as ordinary operating expenses and no right of use asset to be created.

	Group		**Parent**	
	2021 $	**2020 $**	**2021 $**	**2020 $**
Venue payments made	311,431	350,285	-	-

Lease liabilities are presented at net present value in the statement of financial position are as follows.

	Group and parent	
	2021 $	**2020** $
Current	236,504	209,048
Non-current	1,512,391	1,440,752
	1,748,895	1,649,800

30 LEASES (continued)

Reconciliation of liabilities arising from financing activities is as follows.

	Group and Parent	
	2021	**2020**
	$	**$**
Liabilities at 31 March 2020	1,649,800	1,978,926
Additional leases entered into	258,687	88,215
Liabilities extinguished on purchase of freehold	-	(233,237)
Lease debt repaid during the year	(159,592)	(184,104)
Lease liabilities at 31 March 2021 at Net Present Value	1,748,895	1,649,800

At 31 March 2021 the group and parent had no commitments to leases which had not commenced

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities for group and parent at 31 March 2020 is as follows.

	Within 1 year	**1-2 years**	**2-5 years**	**Over 5 years**	**Total**
	$	**$**	**$**	**$**	**$**
Lease payments					
31 March 2021	256,870	209,300	447,671	3,118,150	4,031,991
31 March 2020	229,163	178,705	351,048	3,208,750	3,967,666

The movement in leased assets included in note 13 Property, plant & equipment for group and parent is as follows.

	Land & Buildings	Motor Vehicles	Plant & Equipment	Total
Added 1 April 2019 on adoption of IFRS 16	306,356	112,248	170,322	588,926
Right of use assets extinguished on purchase of freehold	(234,473)	-	-	(234,473)
Additions	-	52,738	35,477	88,215
Depreciation for the year	(34,657)	(68,452)	(76,479)	(179,588)
Net book value at 31 March 2020	37,226	96,534	129,320	263,080
NBV				
At 1 April 2020	37,226	96,534	129,320	263,080
Additions	-	91,285	167,402	258,687
Disposals	-	-	(261)	(261)
Depreciation for the year	(21,272)	(64,260)	(70,616)	(156,148)
Net book value at 31 March 2021	15,954	123,559	225,845	365,358

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30 LEASES (continued)

Leases as lessor

	Group and Parent	
	2021	**2020**
	$	**$**
Less than one year	247,750	441,753
Between 1 and 2 years	247,750	432,528
Between 2 and 5 years	606,188	738,044
Over five years	417,083	417,083
	1,518,771	2,029,408

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.

31 SUBSEQUENT EVENTS

The Company and Group have no subsequent events.

32 COVID-19 IMPACTS

On the 24th March 2020 the New Zealand Government, in response to the coronavirus pandemic, put the country on alert level 3. Two days later the alert level was raised to level 4.

Alert level 3 required the public bars, bottle stores, and gaming operations of the group to cease trading. The Copthorne Solway Park hotel continued to trade on a limited basis providing accommodation and meals for essential workers. The residential housing services stayed open as an essential service.

As the alert levels dropped, the group's operations progressively reopened but with social distancing restrictions limiting customer numbers and reduced gaming machines available to play until entering alert level 1 on 9th June 2020.

The group applied for and received a government wages subsidy of $1,032,374 in April 2020. Of this subsidy $995,504 has been recognised in these accounts.

A restructure at Copthorne Solway Park, to match staffing with expected lower conferencing business, resulted in a small number of redundancies.

Discretionary spending was reduced substantially in advertising, marketing, sponsorship and maintenance areas in particular.

Trading, since returning to alert level 1, has exceeded expectations. High visitor numbers to the Wairarapa, a relatively buoyant local economy, and a marked increase in residential property values has led to higher spending in hospitality and hotel accommodation.

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