TRUST HOUSE LIMITED ACCOUNTS 2021-22

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.

Trust House Limited
Financial statements
for the year ended 31 March 2022

Contents

Statement of profit or loss

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	**Group 2022 $**	Group 2021 $	**Parent 2022 $**	Parent 2021 $
Revenue	5	33,910,457	30,177,718	25,246,235	22,529,143
Cost of sales		(5,064,052)	(4,104,552)	(5,064,052)	(4,104,552)
Gross profit		28,846,405	26,073,166	20,182,183	18,424,591
Operating expenses	7	(20,984,801)	(17,282,910)	(16,713,129)	(13,543,358)
Operating profit		7,861,604	8,790,256	3,469,054	4,881,233
Finance costs	23	(957,384)	(935,400)	(957,384)	(935,400)
Finance income	23	4,082	1,500	23,830	932
Net finance costs	23	(953,302)	(933,900)	(933,554)	(934,468)
Net operating profit		**6,908,302**	**7,856,356**	**2,535,500**	**3,946,765**
Non-operating items	6	28,586,767	57,806,570	28,586,767	57,806,570
Net profit before charitable donations		**35,495,069**	**65,662,926**	**31,122,267**	**61,753,335**
Charitable donations	29	(4,328,245)	(3,041,589)	(60,000)	(26,000)
Net profit for year		**31,166,824**	**62,621,337**	**31,062,267**	**61,727,335**

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 2022

	Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
Net profit / (loss)	31,166,824	62,621,337	31,062,267	61,727,335
Other comprehensive income:				
Gains on revaluation of land and buildings	-	946,502	-	946,502
	-	946,502	-	946,502
Total comprehensive income for the year	**31,166,824**	**63,567,839**	**31,062,267**	**62,673,837**

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 2022

	Notes	Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
Total comprehensive income		31,166,824	63,567,839	31,062,267	62,673,837
Movements in equity for the year		31,166,824	63,567,839	31,062,267	62,673,837
Equity at the start of the year		146,025,587	82,457,748	144,375,691	81,701,854
Equity at the end of the year		**177,192,411**	**146,025,587**	**175,437,958**	**144,375,691**

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 2022

	Notes	Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
Current assets					
Cash and cash equivalents	8	4,465,554	3,843,838	2,152,846	2,070,962
Trade and other receivables	9	744,165	536,904	802,659	626,270
Prepayments		503,927	444,744	416,485	368,160
Inventories	10	453,518	430,525	453,518	430,525
Other investments	11	-	-	150,000	150,000
Total current assets		**6,167,164**	**5,256,011**	**3,975,508**	**3,645,917**
Non-current assets					
Other investments	11	-	-	300,000	450,000
Investment properties	13	173,386,324	143,075,000	173,386,324	143,075,000
Property, plant and equipment	14	22,799,308	22,811,600	21,613,130	21,275,319
Intangible assets	15	788,292	842,807	694,084	707,775
Total non-current assets		**196,973,924**	**166,729,407**	**195,993,538**	**165,508,094**
Total assets		**203,141,088**	**171,985,418**	**199,969,046**	**169,154,011**
Current liabilities					
Trade and other payables	16	2,034,215	2,174,869	1,546,785	1,659,101
Employee entitlements	17	1,121,269	1,130,809	1,121,269	1,130,809
Borrowings	18	25,000	25,000	25,000	25,000
Lease liabilities	30	226,857	236,504	226,857	236,504
Provisions	25	50,000	100,000	50,000	100,000
Charitable donations allocated		930,159	665,743	-	-
Total current liabilities		**4,387,500**	**4,332,925**	**2,969,911**	**3,151,414**
Non-current liabilities					
Employee entitlements	17	37,747	35,089	37,747	35,089
Borrowings	18	20,039,584	20,064,584	20,039,584	20,064,584
Lease liabilities	30	1,466,880	1,512,391	1,466,880	1,512,391
Provisions	25,26	16,964	14,842	16,964	14,842
Total non-current liabilities		**21,561,175**	**21,626,906**	**21,561,175**	**21,626,906**
Equity					
Share capital	19	11,330,740	11,330,740	11,330,740	11,330,740
Retained earnings	19	164,625,716	133,458,890	162,871,263	131,808,994
Asset revaluation reserve	19	1,235,957	1,235,957	1,235,957	1,235,957
Total equity		**177,192,413**	**146,025,587**	**175,437,960**	**144,375,691**
Total liabilities and equity		**203,141,088**	**171,985,418**	**199,969,046**	**169,154,011**

Signed on behalf of Trust House Limited

P ANTONIO
CHAIR

L GRIFFITHS
DIRECTOR

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

Statement of cash flows

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
Cash flows from operating activities					
Cash was provided from:					
Receipts from customers		33,687,932	30,064,034	25,041,916	22,305,679
Interest received		4,082	1,500	23,830	932
		33,692,014	30,065,534	25,065,746	22,306,611
Cash was applied to:					
Payments to suppliers and employees		24,592,972	19,773,951	20,879,060	16,719,499
Charitable donations		4,063,829	3,108,792	60,000	26,000
Interest paid		862,978	840,466	862,978	840,466
Lease interest paid		93,658	95,578	93,658	95,578
		(29,613,437)	(23,818,787)	(21,895,696)	(17,681,543)
Net cash flows from operating activities	22	**4,078,577**	**6,246,747**	**3,170,050**	**4,625,068**
Cash flows from investing activities					
Cash was provided from:					
Sale of plant, property and equipment		15,200	8,566	5,200	1,566
Sale of intangibles		-	4,500	-	-
Sale of investment property		-	183,735	-	183,735
Repayment of loans		-	-	150,000	-
		15,200	196,801	155,200	185,301
Cash was applied to:					
Purchase of plant, property and equipment		1,612,806	1,949,440	1,416,351	879,526
Purchase of intangible assets		54,540	47,162	22,300	472
Loan to Trust House Foundation		-	-	-	600,000
Upgrading of investment property		1,724,557	1,253,430	1,724,557	1,253,430
		(3,391,903)	(3,250,032)	(3,163,208)	(2,733,428)
Net cash flows from investing activities		**(3,376,703)**	**(3,053,231)**	**(3,008,008)**	**(2,548,127)**
Cash flows from financing activities					
Proceeds from borrowings		-	-	-	-
Lease debt entered into		98,207	258,687	98,207	258,687
		98,207	258,687	98,207	258,687
Cash was applied to:					
Repayment of borrowings		25,000	35,000	25,000	35,000
Repayment of lease debt		153,365	159,592	153,365	159,592
		(178,365)	(194,592)	(178,365)	(194,592)
Net cash flows from financing activities		**(80,158)**	**64,095**	**(80,158)**	**64,095**
Net (decrease) / increase in cash held		621,716	3,257,611	81,884	2,141,036
Opening cash balance		3,843,838	586,227	2,070,962	(70,074)
Closing cash balance		**4,465,554**	**3,843,838**	**2,152,846**	**2,070,962**
Closing cash is made up of					
Cash and cash equivalents		4,465,554	3,843,838	2,152,846	2,070,962
	8	**4,465,554**	**3,843,838**	**2,152,846**	**2,070,962**

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 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 2022 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 13 July 2022.

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.

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	1.96%-33.33%
Furniture & Plant - general	5.26%-67%
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.

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.

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.

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.

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.

5 REVENUE

	Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
Revenue from contracts with customers	25,935,315	22,297,719	17,271,093	14,649,144
Wage subsidy	437,186	995,504	437,186	995,504
Revenue from other sources	289,467	287,003	289,467	287,003
Residential rental revenue	7,248,489	6,597,492	7,248,489	6,597,492
Total revenue	33,910,457	30,177,718	25,246,235	22,529,143

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			
2022			
Hospitality	15,134,636	-	15,134,636
Gaming income	10,293,465	-	10,293,465
Other	446,790	60,425	507,215
Total	25,874,891	60,425	25,935,316
2021			
Hospitality	12,518,404	-	12,518,404
Residential rents	-	-	-
Gaming income	9,277,467	-	9,277,467
Other	443,485	58,363	501,848
Total	22,239,356	58,363	22,297,719

	Revenue recognised at a point in time $	Revenue recognised over time $	Total $
Parent			
2022			
Hospitality	15,134,636	-	15,134,636
Venue payments	1,191,098	-	1,191,098
Management services	-	438,145	438,145
Other	446,790	60,425	507,215
Total	16,772,524	498,570	17,271,094
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

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.

6 NON-OPERATING ITEMS

		Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
Change in fair value of investment property	13	28,586,767	57,806,570	28,586,767	57,806,570
		28,586,767	57,806,570	28,586,767	57,806,570

7 OPERATING EXPENSES

	Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
Administration and financial	1,362,587	1,288,945	1,122,614	1,071,142
Advertising and promotion	594,070	581,374	594,070	581,374
Audit Fees	108,127	105,048	92,590	89,952
Audit Fees - Masterton Community Trust	4,572	4,450	4,572	4,450
Prospective financial statement review*	4,210	4,210	-	-
Bad debts	-	14,967	-	14,967
Movement in provision for doubtful debts	(9,175)	(11,064)	(9,175)	(11,064)
Depreciation	1,695,374	1,724,207	1,135,229	1,212,201
Amortisation	80,638	105,808	16,547	31,371
Impairment of property, plant and equipment	-	13,867	-	13,867
Loss / (gain) on sale of plant and equipment	(14,621)	(7,415)	(4,621)	-
Loss / (gain) on sale of intangible assets	22,667	9,596	19,444	-
Property expenses	4,913,044	4,203,418	4,695,549	4,034,496
Rent and lease expenses	455,856	311,431	-	-
Employee costs	8,825,990	7,222,695	8,825,990	7,222,695
Directors and Trustees Fees	340,530	309,841	220,320	203,539
Gaming Machine Duty and Licenses	2,600,932	2,327,164	-	-
Reversal of impairments	-	(925,632)	-	(925,632)
	20,984,801	17,282,910	16,713,129	13,543,358

* 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 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
Bank balances	4,218,291	3,610,575	1,905,583	1,837,699
Cash floats	247,263	233,263	247,263	233,263
Cash and cash equivalents	4,465,554	3,843,838	2,152,846	2,070,962

	Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
Cash and cash equivalents	4,465,554	3,843,838	2,152,846	2,070,962
Bank overdrafts used for cash management purposes	-	-	-	-
Cash and cash equivalents	4,465,554	3,843,838	2,152,846	2,070,962

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	589,324	362,069	589,324	362,069
Less provision for impairment	(28,421)	(37,596)	(28,421)	(37,596)
	560,903	324,473	560,903	324,473
Sundry receivables	183,262	212,431	241,756	301,797
	744,165	536,904	802,659	626,270

	Group and Parent 2022 $	Group and Parent 2021 $
Aging of trade receivables		
The status of trade receivables at the reporting date is as follows:		
Not past due	519,229	269,409
1-30 days	17,704	34,866
31-60 days	18,680	7,050
60 days+	33,711	50,744
	589,324	362,069

As of 31 March 2022, trade receivables of $28,421 (2021: $37,596) were past due and considered impaired and trade receivables of $41,674 (2021: $55,064) 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 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
As at 1 April	37,596	48,660	37,596	48,660
Additional provisions made during the year	(9,175)	3,310	(9,175)	3,310
Receivables written off during the year	-	(14,374)	-	(14,374)
Balance at the end of the year	28,421	37,596	28,421	37,596

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 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
Raw materials and consumables	59,076	65,545	59,076	65,545
Goods available for sale	394,442	364,980	394,442	364,980
	453,518	430,525	453,518	430,525

Inventory comprises goods available for sale and food ingredients.

No inventories are pledged as security for liabilities (2021 $nil). However, some inventories are subject to retention of title clauses.

11 OTHER INVESTMENTS

	Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
Current investments (at amortised cost)				
Loan to Trust House Foundation	-	-	150,000	150,000
Total investments	-	-	150,000	150,000
Non current investments (at amortised cost)				
Loan to Trust House Foundation	-	-	300,000	450,000
	-	-	300,000	450,000
Total investments	-	-	450,000	600,000

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 2021/22		**Group 2020/21**	
	Rest of THL $	**Housing $**	**Rest of THL $**	**Housing $**
Revenue	26,649,968	7,260,489	23,538,049	6,639,669
Cost of sales	(5,064,052)	-	(4,104,552)	-
Gross profit	21,585,916	7,260,489	-	-
Operating expenses	(17,405,599)	(3,579,203)	(14,182,098)	(3,100,812)
	4,180,317	3,681,286	5,251,399	3,538,857
Finance costs	(109,504)	(847,880)	(109,520)	(825,880)
Finance income	4,082	-	1,500	-
Net finance costs	(105,422)	(847,880)	(108,020)	(825,880)
Net operating profit	4,074,895	2,833,406	5,143,379	2,712,977
Housing improvements	-	(1,300,595)	-	(1,253,430)
Net profit after housing improvements	4,074,895	1,532,811	5,143,379	1,459,547
Add back				
Depreciation/amortisation	1,725,315	50,697	1,776,083	53,932
Impairments / (reversal of impairments)	-	-	(911,765)	-
Total non-cash expenses	1,725,315	50,697	864,318	53,932
Cash Generated	**5,800,210**	**1,583,508**	**6,007,697**	**1,513,479**

13 INVESTMENT PROPERTY

	Group and Parent 2022 $	2021 $
Investment property is comprised of		
Residential property	169,881,324	139,845,000
Commercial property	3,505,000	3,230,000
	173,386,324	143,075,000
Classified as:		
Current - available for sale at 31 March	-	-
Non-Current	173,386,324	143,075,000
	173,386,324	143,075,000

(a) Residential properties

	Group and Parent 2022 $	2021 $
Balance at 1 April	139,845,000	81,075,000
Under construction	356,324	-
Properties sold during the year	-	(115,000)
Improvements	1,300,595	1,253,430
Change in fair value - recognised in Statement of profit or loss	28,379,405	57,631,570
	169,881,324	139,845,000

Residential investment property comprises 482 (2020: 482) rental houses in the lower North Island.
The Group's investment properties are valued annually at fair market value effective 31st March 2022.

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	
	2022	**2021**
	$	$
Balance at 1 April	3,230,000	3,055,000
Land right of use asset recognised on adoption of IFRS 16 Leases (see note 29)	-	-
Improvements	67,638	-
Change in fair value - recognised in Statement of profit or loss	207,362	175,000
Balance at 31 March	3,505,000	3,230,000
Classified as:		
Non Current	3,505,000	3,230,000
	3,505,000	3,230,000

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 2022 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	
	2022	**2021**
	$	**$**
Rental income	247,500	245,808
Tenant recharge income	32,501	33,515
Expenses from investment property generating income	130,049	129,535

14 PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings $	Furniture and plant $	Hydro assets $	Motor vehicles $	Total $
Cost or valuation					
Balance at 1 April 2020	18,534,945	9,038,435	1,004,002	286,431	28,863,813
Reclassified from available for sale	425,000	-	-	-	425,000
Additions	377,265	1,340,299	3,257	126,080	1,846,901
Disposals	-	(391,735)	-	(36,991)	(428,726)
Revaluation of land & buildings	1,144,983	-	-	-	1,144,983
Balance at 31 March 2021	**20,482,193**	**9,986,999**	**1,007,259**	**375,520**	**31,851,971**
Balance at 1 April 2021	20,482,193	9,986,999	1,007,259	375,520	31,851,971
Additions	926,242	569,150	2,400	185,788	1,683,580
Disposals	(58,498)	(37,593)	-	(43,119)	(139,210)
Balance at 31 March 2022	**21,349,937**	**10,518,556**	**1,009,659**	**518,189**	**33,396,341**
Depreciation and impairment losses					
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)
Revaluation of land and buildings	(713,283)	-	-	-	(713,283)
Reclassified from available for sale	5,000	-	-	-	5,000
Balance at 31 March 2021	**1,160,187**	**7,100,982**	**611,929**	**167,272**	**9,040,370**
Balance at 1 April 2021	1,160,187	7,100,982	611,929	167,272	9,040,370
Depreciation for the year	585,978	979,863	34,882	94,652	1,695,375
Disposals	(58,279)	(37,594)	-	(42,839)	(138,712)
Balance at 31 March 2022	**1,687,886**	**8,043,251**	**646,811**	**219,085**	**10,597,033**
Carrying amounts					
As at 31 March 2021	19,306,077	2,901,944	395,330	208,249	22,811,600
As at 31 March 2022	19,662,051	2,475,304	362,848	299,105	22,799,308

14 PROPERTY, PLANT AND EQUIPMENT (continued)

Parent	**Land and buildings $**	**Furniture and plant $**	**Hydro assets $**	**Motor vehicles $**	**Total $**
Cost or valuation					
Balance as at 1 April 2020	18,534,944	4,985,095	622,838	286,432	24,429,309
Reclassified from available for sale	425,000	-	-	-	425,000
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
Balance at 31 March 2021	**20,482,192**	**5,180,875**	**626,095**	**375,521**	**26,664,683**
Balance at 1 April 2021	20,466,264	5,196,803	626,096	375,521	26,664,684
Additions	926,242	359,108	2,400	185,788	1,473,538
Disposals	(58,498)	(6,279)	-	(43,119)	(107,896)
Balance at 31 March 2022	**21,334,008**	**5,549,632**	**628,496**	**518,190**	**28,030,326**
Depreciation and impairment losses					
Balance as 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
Impairment loss - through Income Statement - through Other Comprehensive Income	-	(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**
Balance at 1 April 2021	1,160,187	3,831,140	230,766	167,272	5,389,365
Depreciation for the year	585,978	419,718	34,882	94,652	1,135,230
Disposals	(58,279)	(6,280)	-	(42,839)	(107,398)
Revaluation of land and buildings	-	-	-	-	-
Balance at 31 March 2022	**1,687,886**	**4,244,578**	**265,648**	**219,085**	**6,417,197**
Carrying amounts					
As at 31 March 2021	**19,306,077**	**1,365,663**	**395,330**	**208,249**	**21,275,319**
As at 31 March 2022	**19,662,051**	**1,289,126**	**362,848**	**299,105**	**21,613,130**

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 $Nil were recognised in 2021/22 (2020/21 $13,867).

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.

15 INTANGIBLE ASSETS

Group	Goodwill $	Software $	Total $
Cost			
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**
Balance at 1 April 2021	770,000	884,702	1,654,702
Additions	-	48,790	48,790
Disposals	-	(37,741)	(37,741)
Balance at 31 March 2022	**770,000**	**895,751**	**1,665,751**
Amortisation and impairment losses			
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**
Balance at 1 April 2021	120,636	691,259	811,895
Amortisation for the year	-	80,638	80,638
Disposals	-	(15,074)	(15,074)
Balance at 31 March 2022	**120,636**	**756,823**	**877,459**
Carrying amounts			
As at 31 March 2021	649,364	193,443	842,807
As at 31 March 2022	649,364	138,928	788,292

15 INTANGIBLE ASSETS (continued)

Parent	Goodwill $	Software $	Total $
Cost			
Balance at 1 April 2020	770,000	481,949	1,251,949
Additions	-	24,403	24,403
Disposals	-	-	-
Balance at 31 March 2021	**770,000**	**506,352**	**1,276,352**
Balance at 1 April 2021	770,000	506,352	1,276,352
Additions	-	22,300	22,300
Disposals	-	(32,746)	(32,746)
Balance at 31 March 2022	**770,000**	**495,906**	**1,265,906**
Amortisation and impairment losses			
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**
Balance at 1 April 2021	120,636	447,941	568,577
Amortisation charge	-	16,547	16,547
Disposals	-	(13,302)	(13,302)
Balance at 31 March 2022	**120,636**	**451,186**	**571,822**
Carrying amounts			
As at 31 March 2021	649,364	58,411	707,775
As at 31 March 2022	649,364	44,720	694,084

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%.

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

	Group and Parent	
	2022	**2021**
	$	**$**
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

	Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
Trade creditors	1,052,583	1,162,700	785,268	828,211
Interest payable	5,130	4,382	5,130	4,382
Capital payables	129,334	58,562	104,471	47,286
Accrued expenses	703,978	777,263	508,726	613,010
Intangible payables	-	5,750	-	-
Revenue in advance	143,190	166,212	143,190	166,212
	2,034,215	2,174,869	1,546,785	1,659,101

17 EMPLOYEE ENTITLEMENTS

	Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
Current portion				
Accrued pay	275,128	345,078	275,128	345,078
Accrued leave	825,995	764,638	825,995	764,638
Provision for staff long service / retirement benefits	18,194	19,158	18,194	19,158
Sick pay	1,952	1,935	1,952	1,935
	1,121,269	1,130,809	1,121,269	1,130,809
Non-current portion				
Provision for long service / retirement benefits	37,747	35,089	37,747	35,089
	37,747	35,089	37,747	35,089
Total employee entitlements	1,159,016	1,165,898	1,159,016	1,165,898

18 BORROWINGS

	Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
Current liabilities				
Bank overdrafts	-	-	-	-
Other loans	25,000	25,000	25,000	25,000
	25,000	25,000	25,000	25,000
Non-current liabilities				
Secured bank loans	20,000,000	20,000,000	20,000,000	20,000,000
Other loans	39,584	64,584	39,584	64,584
	20,039,584	20,064,584	20,039,584	20,064,584

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 2022 $	Carrying amount 2022 $	Face value 2021 $	Carrying amount 2021 $
Group & Parent						
Secured BNZ Bank loans	3.43%-5.32%	2023	15,000,000	15,000,000	15,000,000	15,000,000
Secured BNZ Bank loans	6.24%	2022	5,000,000	5,000,000	5,000,000	5,000,000
Other loans	0.0%	2025	64,584	64,584	89,584	89,584
Bank overdrafts			-	-	-	-
Total interest-bearing liabilities			20,064,584	20,064,584	20,089,584	20,089,584

The ANZ overdrafts are secured with registered first mortgages over land and buildings with a carrying amount of $7,472,270 (2021: $7,100,000). 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.

19 CAPITAL AND RESERVES

Group	**Share capital** $	**Revaluation reserve** $	**Retained earnings** $	**Total equity** $
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
Balance at 1 April 2021	11,330,740	1,235,957	133,458,890	146,025,587
Total comprehensive income / (expense)	-	-	31,166,824	31,166,824
Balance at 31 March 2022	11,330,740	1,235,957	164,625,714	177,192,411

Parent	**Share capital** $	**Revaluation reserve** $	**Retained earnings** $	**Total equity** $
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
Asset revaluation realised on sale of business	-	-	-	-
Balance at 31 March 2021	11,330,740	1,235,957	131,808,994	144,375,691
Balance at 1 April 2021	11,330,740	1,235,957	131,808,994	144,375,691
Total comprehensive income / (expense)	-	-	31,062,267	31,062,267
Balance at 31 March 2022	11,330,740	1,235,957	162,871,261	175,437,958

Number of shares on issue at 31 March 2022 10,637,000 (2021: 10,637,000). All issued shares are fully paid up and have no par value.

The large increase in capital in 2021-23 was largely as a result of the strong residential housing market. The revaluation of the residential housing portfolio at 31 March 2022 led to an increase in in capital and reserves of $28,379,405. This revaluation is part of the non-operating income on the Statement of profit or loss.

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	2,000,000	2,000,000	1,500,000	1,500,000
Term facilities undrawn	3,000,000	3,000,000	3,000,000	3,000,000

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.

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 2022	**12 months or less** $	**1-2 years** $	**2-5years** $	**More than 5 years** $	**Contractual cash flows** $	**Carrying Amount** $
Secured bank loans	879,700	879,700	22,082,553	-	23,841,953	20,000,000
Other loans	25,000	25,000	14,584	-	64,584	64,584
Trade and other payables	1,436,770	-	-	-	1,436,770	1,436,770
Bank overdraft	-	-	-	-	-	-
Total liabilities	2,341,470	904,700	22,097,137	-	25,343,307	21,501,354
Group 2021						
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

Parent 2022	**12 months or less** **$**	**1-2 years** $	**2-5years** $	**More than 5 years** $	**Contractual cash flows** $	**Carrying Amount** $
Secured bank loans	879,700	879,700	22,082,553	-	23,841,953	20,000,000
Other loans	25,000	25,000	14,584	-	64,584	64,584
Trade and other payables	1,354,096	-	-	-	1,354,096	1,354,096
Bank Overdraft	-	-	-	-	-	-
Total liabilities	2,258,796	904,700	22,097,137	-	25,260,633	21,418,680
Parent 2021						
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	295,989	-	-	-	295,989	295,989
Total liabilities	2,485,970	5,664,089	15,348,389	-	23,498,448	21,765,854

(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 $9,692 (2021:$17,399) and for the parent a reduction in profit of $31,545 (2021:$33,349).

20 FINANCIAL INSTRUMENTS (continued)

(c) Classification and fair values

Group	Financial assets at amortised cost $	Total carrying value and fair value $
2022		
Assets		
Other investments	-	-
Trade and other receivables	744,166	744,166
Cash and cash equivalents	4,465,544	4,465,544
	5,209,710	5,209,710
2021		
Assets		
Trade and other receivables	539,604	539,604
Cash and cash equivalents	3,843,838	3,843,838
	4,383,442	4,383,442
Parent		
2022		
Assets		
Trade and other receivables	802,659	802,659
Loan to related party	450,000	450,000
Cash and cash equivalents	2,152,846	2,152,846
	3,405,505	3,405,505
2021		
Assets		
Other financial assets	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

20 FINANCIAL INSTRUMENTS (continued)

Group	Financial liabilities at amortised cost $	Fair value amount $
2022		
Liabilities		
Trade and other payables	1,436,770	1,436,770
Borrowings	20,064,584	20,064,584
Total liabilities	21,501,354	21,501,354
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
Parent		
2022		
Liabilities		
Trade and other payables	1,354,096	1,354,096
Borrowings	20,064,584	20,064,584
Total liabilities	21,418,680	21,418,680
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

21 COMMITMENTS AND CONTINGENCIES

The Group and Parent had capital commitments of $4,941,964 at 31 March 2022 (2021: $Nil).

The Group and Parent had contingent liabilities of $55,000 as at 31 March 2022 (2021: $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.

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

	Group 2022 $	Group 2021 $	Parent 2022 $	Parent 2021 $
Net Profit/(Loss) for year	31,166,824	62,621,337	31,062,267	61,727,335
Add (less) non-cash items:				
Depreciation	1,695,578	1,724,207	1,135,433	1,212,201
Amortisation of intangibles	80,638	105,808	16,547	31,371
Revaluation of investment properties	(28,586,767)	(57,806,570)	(28,586,767)	(57,806,570)
Provisions	(47,878)	98,123	(47,878)	98,123
Fixed assets impairment / (reversal)	-	(911,763)	-	(911,763)
Investment property impairment	-	-	-	-
(Gain) loss on sale of intangibles	22,667	9,596	19,444	-
(Gain) loss on sale of fixed assets	(14,908)	(2,724)	(4,908)	(1,304)
Gain on sale of investment property	-	(68,735)	-	(68,735)
Investments issued in lieu of rebates	-	-	-	-
	(26,850,670)	(56,852,058)	(27,468,129)	(57,446,677)
Add (less) movements in working capital items:				
(Increase) / decrease in receivables and prepayments	(266,446)	800,545	(224,716)	698,693
(Increase)/ decrease in inventories	(22,991)	(43,117)	(22,991)	(43,117)
Increase / (decrease) in charitable distributions payable	264,416	(67,203)	-	-
Increase/ (decrease) in employee entitlements	(6,882)	156,358	(6,882)	156,358
Increase/ (decrease) in trade and other payables	(205,674)	(369,115)	(169,499)	(467,524)
	(237,577)	477,468	(424,088)	344,410
Net cash inflow from operating activities	4,078,577	6,246,747	3,170,050	4,625,068

23 FINANCE INCOME AND EXPENSES

	Consolidated 2022 $	Consolidated 2021 $	Parent 2022 $	Parent 2021 $
Finance costs				
Interest expense	863,726	839,822	863,726	839,822
Lease interest expense	93,658	95,578	93,658	95,578
Total finance costs	957,384	935,400	957,384	935,400
Interest income	(4,082)	(1,500)	(23,830)	(932)
Total finance income	(4,082)	(1,500)	(23,830)	(932)
Net finance costs	953,302	933,900	933,554	934,468

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 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 $5,000 (2021: $Nil). The amount outstanding at year end was $Nil (2021: $Nil). Mena is also a Trustee of Leaving the Ladder Down Charitable Trust. During the year Trust House Limited made a charitable donation to the Trust of $10,000 (2021: $6000).

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 $276,107 (2021: $165,892). The amount outstanding at year end was $74,264 (2021: $34,240).Trust House Group paid $305,649 (2021: $172,811) during the year and the amount outstanding at year end was $99,127 (2021: $35,570)

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 $13,225 (2021: $2,500). The amount outstanding at year end was $Nil (2021: $2875).

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, Parent and Group, paid PRSL $300 (2021: $950). The amount outstanding at year end was $Nil (2021: $Nil).

(iii) Key management and personnel compensation

	2022 $	2021 $
Salaries and other short-term benefits	1,324,326	996,608
Post employment benefits	29,296	17,239
	1,353,622	1,013,847

Key management personnel compensation comprises that of the Directors, Trustees, Chief Executive and other senior managers. Two additions to the senior management team were made in 2021/22.

Employee Remuneration

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

	2022	**2021**
$110,000 - $120,000	1	-
$140,000 - $150,000	-	1
$150,000 - $160,000	2	1
$160,000 - $170,000	-	1
$170,000 - $180,000	1	-
$200,000 - $210,000	1	2
$290,000 - $300,000	1	-
	6	5

24 RELATED PARTY TRANSACTIONS (continued)

(iv) Other related party transactions

	2022 $	2021 $
(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	22,320	21,556

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.

	2022 $	2021 $
Funds available 1st April	1,649,896	755,894
Net surplus before charitable distributions	4,372,802	3,909,591
Grants unclaimed	316,264	169,112
Grants approved	(4,584,509)	(3,184,701)
	1,754,453	1,649,896

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	1,191,098	1,169,996
Management Fees paid by THF to THL	438,145	458,896

As at 31 March 2021, Trust House Foundation owed Trust House Limited $508,493 (2021: $689,366).

25 CURRENT PROVISIONS

	Group		Parent	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Legal claims	50,000	100,000	50,000	100,000
	50,000	100,000	50,000	100,000

26 NON-CURRENT PROVISIONS

	Group 2022	Group 2021	Parent 2022	Parent 2021
	$	**$**	**$**	**$**
Property reinstatement provisions	16,964	14,842	16,964	14,842
	16,964	14,842	16,964	14,842

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 2022		
Non-current		
Opening balance as at 1 April 2021	14,842	14,842
Provisions added	2,122	2,122
Closing provision at 31 March 2022	16,964	16,964
Group and Parent 2021		
Non-current		
Opening at 1 April 2020	16,719	16,719
Provisions added	(1,877)	(1,877)
Previously leased building purchased	-	-
Closing provision at 31 March 2021	14,842	14,842

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	
	2022	**2021**
	$	**$**
Autism Wairarapa	10,000	-
Pasifika O Wairarapa Charitable Trust	10,000	-
Leaving the ladder down charitable trust	10,000	6,000
Pukaha Mount Bruce	10,000	-
Te Aranga Marae	10,000	-
Wairarapa Community Health Trust	10,000	-
Masterton food bank	-	20,000
	60,000	26,000

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

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 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**	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Venue payments made	455,856	311,431	-	-

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

	Group and parent	
	2022	**2021**
	$	$
Current	226,857	236,504
Non-current	1,466,880	1,512,391
	1,693,737	1,748,895

Reconciliation of liabilities arising from financing activities is as follows.

	Group and Parent	
	2022	**2021**
	$	**$**
Liabilities at 1 April	1,748,895	1,649,800
Additional leases entered into	98,207	258,687
Liabilities extinguished on purchase of freehold	-	-
Lease debt repaid during the year	(153,365)	(159,592)
Lease liabilities at 31 March at Net Present Value	1,693,737	1,748,895

At 31 March 2022 the group and parent had no commitments to leases which had not commenced

30 LEASES (continued)

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

	Within 1 year $	1-2 years $	2-5 years $	Over 5 years $	Total $
Lease payments					
31 March 2022	231,797	186,470	385,782	3,027,550	3,831,599
31 March 2021	256,870	209,300	447,671	3,118,150	4,031,991

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
Balance 1 April 2020	37,226	96,534	129,320	263,080
Right of use assets extinguished on purchase of freehold	-	-	-	-
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
NBV				
At 1 April 2021	15,954	123,559	225,845	365,358
Additions	98,207	-	-	98,207
Disposals	(218)	-	-	(218)
Depreciation for the year	(20,645)	(56,368)	(73,086)	(150,099)
Net book value at 31 March 2022	93,298	67,191	152,759	313,248

Leases as lessor

	Group and Parent 2022 $	2021 $
Less than one year	247,750	247,750
Between 1 and 2 years	247,750	247,750
Between 2 and 5 years	225,458	606,188
Over five years	287,083	417,083
	1,008,041	1,518,771

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

Legal Dispute

In May 2022 the company resolved a dispute in relation to a sale of land. The sale is now expected to complete in June 2022.

32 COVID-19 IMPACTS

On the 17th August 2021 the New Zealand Government, in response to the omicron variant outbreak, put the country on alert level 4. On 31 August the alert level in the regions in where the Group trades was reduced to level 3.

Alert level 3 & 4 required the public bars, bottle stores, hotel, and gaming operations of the group to cease trading. The residential housing services stayed open as an essential service.

The alert levels where the Group trades were reduced to level 2 on 8th September, allowing all our businesses to reopen but with capacity restrictions and mask mandates.

The Group elected to enforce the vaccine pass for all customers.

The Group applied for and received a government wages subsidies, resurgence support payments and other subsidies totalling $437,186 during the year.