

CLUTHA LICENSING TRUST

**Annual Report for the Financial Year
Ended 31 March 2011**

CLUTHA LICENSING TRUST
FINANCIAL REPORT
For the Year ended 31 March, 2011

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CLUTHA LICENSING TRUST
TRUST DIRECTORY
For the Year ended 31 March, 2011

Nature of Business:	Hotelier and Liquor Retailers
Trust Members:	D M McElrea - President R Lyders - Vice President D Edwards B Cross R Lyders J Verheul I F Mathieson D Roberstson-Dunn D Scoles
Registered Office:	Rosebank Lodge 265 Clyde Street Balclutha
Bankers:	Bank of New Zealand and ANZ
Solicitors:	Sumpter Moore
Auditors:	Polson Higgs On Behalf of the Office of the Controller and Auditor General

CLUTHA LICENSING TRUST
FINANCIAL STATEMENTS
For the Year ended 31 March, 2011

Approval by Trustees

The Trustees of Clutha Licensing Trust are pleased to present the financial statements for the year 31 March 2011.

The Trustees are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice, which give a true and fair view of the financial position of the Trust as at 31 March 2011 and the results of its operations for the year ended on that date.

The Trustees consider the financial statements of the Trust have been prepared using accounting policies which have been consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Trustees believe that proper accounting records have been kept which enable with reasonable accuracy, the determination of the financial position of the Trust and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Trustees consider that they have taken adequate steps to safeguard the assets of the Trust, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.



D M McElrea
President

For and on behalf of the Trustees

~~R Lyders~~

~~Vice-President~~

Debbie Robertson-Dunn
Trustee Ocken

CLUTHA LICENSING TRUST
INCOME STATEMENT
For the Year ended 31 March, 2011

	Notes	2011 \$	2010 \$
Revenue			
Liquor		7,255,806	7,328,268
Food		1,490,489	1,393,429
Accommodation		512,209	444,739
		<hr/>	<hr/>
		9,258,505	9,166,436
Cost of Sales		5,422,583	5,506,996
		<hr/>	<hr/>
Gross Profit		3,835,922	3,659,440
Plus Other Revenue			
Other Income		491,777	454,101
Dividend received		17,553	12,140
Interest received		68	419
Insurance Proceeds		111,830	348,719
		<hr/>	<hr/>
		621,229	815,379
Less Other Expenses			
ACC levies		39,521	33,832
Accounting and secretarial fees		27,400	29,742
Audit fees	4	32,652	33,307
Bad debt – movement in provision		-	(47,615)
Bad debts		4,078	42,434
Depreciation	10	489,374	485,284
Donations		12,641	15,777
Honorarium and expenses	12	45,579	43,733
Insurance		66,950	62,868
Impairment Loss	10	-	295,921
Interest		43,982	51,949
Legal fees		3,987	2,777
Other expenses		1,317,938	1,252,616
Salaries and wages		2,305,152	2,347,769
		<hr/>	<hr/>
		4,389,253	4,650,394
Gain/(Loss) on sale of property, plant & equipment		6,713	(40)
		<hr/>	<hr/>
Profit/(Loss) Before Taxation		74,611	(175,614)
Taxation Expense / (Credit)	2	-	29,563
		<hr/>	<hr/>
Profit/ (Loss) After Taxation		<u>\$74,611</u>	<u>(\$205,177)</u>

CLUTHA LICENSING TRUST
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 March, 2011

	Notes	2011 \$	2010 \$
Profit/(Loss) After Taxation		74,611	(205,177)
Total Comprehensive Income		<u>\$74,611</u>	<u>(\$205,177)</u>

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 March, 2011

Equity at the beginning of period	7,083,220	7,288,398
Total Comprehensive Income	74,611	(205,177)
Equity at the End of the Period	<u>\$7,157,831</u>	<u>\$7,083,220</u>

CLUTHA LICENSING TRUST
STATEMENT OF FINANCIAL POSITION
As at 31 March, 2011

	Notes	2011 \$	2010 \$ Restated	1/4/2009 \$ Restated
Trust Equity				
Reserves	13	7,157,831	7,083,220	7,288,398
Total Trust Equity		<u>\$7,157,831</u>	<u>\$7,083,220</u>	<u>\$7,288,398</u>
Represented by:				
Current Assets				
Cash and cash equivalents		281,430	52,133	284,391
Accounts receivable	5	293,013	371,297	295,181
Prepayments		3,267	2,541	3,446
Inventory	6	844,787	949,231	758,713
Other Financial Assets	7	68,961	69,256	66,061
Taxation Refund Due	2	174	151	29,563
		<u>1,491,632</u>	<u>1,444,609</u>	<u>1,437,355</u>
Non Current Assets				
Property, plant and equipment	10	7,200,734	6,929,283	7,545,434
Capital works in progress		754	352,556	-
		<u>7,201,488</u>	<u>7,281,839</u>	<u>7,545,434</u>
Current Liabilities				
Accounts payable and accruals	8	1,011,966	1,123,985	893,392
Employee Entitlements	9	201,859	200,281	185,213
ANZ Bank Loans	11	-	-	600,000
		<u>1,213,825</u>	<u>1,324,266</u>	<u>1,678,605</u>
Non Current Liabilities				
ANZ Bank Loans	11	300,000	300,000	-
Employee Entitlements	9	21,463	18,962	15,786
		<u>321,463</u>	<u>318,962</u>	<u>15,786</u>
Net Assets		<u>\$7,157,831</u>	<u>\$7,083,220</u>	<u>\$7,288,398</u>

CLUTHA LICENSING TRUST
STATEMENT OF CASHFLOWS
For the Year Ended 31 March, 2011

	Notes	2011 \$	2010 \$
Cashflows from Operating Activities			
Cash was provided from:			
Receipts from customers		9,939,670	9,894,046
Interest received		68	419
Dividends received		17,553	12,140
		<u>9,957,291</u>	<u>9,906,605</u>
Cash was applied to:			
Payments to suppliers and employees		9,281,976	9,265,918
Interest paid		43,982	51,949
Taxation paid		23	151
		<u>9,325,981</u>	<u>9,318,018</u>
Net cash inflow/(outflow) from operating activities	18	<u>631,310</u>	<u>588,587</u>
Cashflows from Investing Activities			
Cash was provided from:			
Proceeds on sale of property, plant and equipment		10,029	24,956
Proceeds of other financial assets realised		295	-
		<u>10,324</u>	<u>24,956</u>
Cash was applied to:			
Purchase of other financial assets		-	3,195
Purchase of property plant and equipment and capital work in progress		412,337	542,606
		<u>412,337</u>	<u>545,801</u>
Net cash inflow/(outflow) from investing activities		<u>(402,013)</u>	<u>(520,845)</u>
Cashflows from Financing Activities			
Cash was provided from:			
Proceeds from borrowings		-	-
Cash was applied to:			
Repayment of borrowings		-	300,000
		<u>-</u>	<u>(300,000)</u>
Net cash inflow/(outflow) from financing activities			
Net increase/(decrease) in cash and cash equivalents		229,297	(232,258)
Add opening cash and cash equivalents		52,133	284,391
Closing Cash and Cash Equivalents		<u>\$281,430</u>	<u>\$52,133</u>

CLUTHA LICENSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March, 2011

1. SUMMARY OF ACCOUNTING POLICIES

Statement of Compliance

Clutha Licensing Trust ("The Trust or CLT") is a profit oriented entity, registered in New Zealand under the Sale of Liquor Act 1989.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They are a qualifying entity in that it qualifies for Differential Reporting as it is not large as defined under the Framework for differential reporting.

The Trust qualifies for differential reporting. The trust has taken advantage of all differential reporting exemptions except for:

- NZ IAS 7 Statement of Cash Flows

Basis of Preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain Land, Buildings and Financial Instruments.

Cost is based on the fair value of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 March 2011 and the comparative information presented in these financial statements for the year ended 31 March 2010.

The financial statements are presented in New Zealand dollars rounded to the nearest whole dollar.

Critical Judgements Estimates and Assumptions

In the application of NZ IFRS management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key Sources of Estimation Uncertainty

Judgements made by management in the application of NZ IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Key Sources of Estimation Uncertainty include:

- Estimating the remaining useful life of various items of property, plant and equipment.

If the useful life does not reflect the actual consumption of benefits of the asset, the Trustees could be over or under estimating the depreciation charge recognised as an expense in the income statement.

CLUTHA LICENSING TRUST
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
For the year ended 31 March, 2011

1. SUMMARY OF ACCOUNTING POLICIES (Cont)

- Allowance for Impairment Loss

Management assesses the likelihood of recovery of accounts receivable which are outstanding beyond normal contractual terms. A general or specific impairment loss is determined based on this assessment

- Determination of fair value

Certain financial assets are recognised and measured at fair value. Where active markets exist, fair value is based on quoted market prices. Where there is no active market, fair value may be determined by the use of other valuation techniques. Changes in assumptions used in the valuation techniques could affect the reported fair value of the financial assets.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be measurable under the circumstances.

The principal accounting policies applied in the preparation of the financial report are set out below. These policies have been consistently applied unless otherwise stated.

Property, Plant and Equipment

Land and buildings are measured at fair value. Fair value is determined on the basis of an independent valuation prepared by external valuation experts, based on a discounted cash flows or capitalisation of net income (as appropriate). The fair values are recognised in the financial statements of the Trust, and are reviewed at the end of each reporting period to ensure that the carrying value of the land and buildings is not materially different from their fair values.

Any revaluation increase arising on the revaluation of land and buildings is credited to the asset revaluation reserve, except to the extent that it reverses a decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of land and buildings is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to any previous revaluation of the asset.

Depreciation on revalued buildings is charged to the income statement. On the subsequent sale or retirement of a revalued property, the attributable revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

Plant and equipment is stated at cost less accumulated depreciation and any allowance for impairment. Cost includes all expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land.

Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

▪ Building	20-40 years
▪ Leasehold improvements	10-40 years
▪ Office equipment	5-10 years
▪ Furniture and fittings	5-10 years
▪ Carpet and vinyl	5-10 years
▪ Plant and equipment	15 years
▪ Motor vehicles	15 years

CLUTHA LICENSING TRUST
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
For the year ended 31 March, 2011

1. SUMMARY OF ACCOUNTING POLICIES (Cont)

Impairment of Assets

At each balance sheet date, the Trust reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately unless the asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual and long service leave, and sick leave when it is probable that settlement will be required and the benefits are capable of reliable measurement.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents rental received and property expenses recovered in the normal course of business. The following specific recognition criteria must be met before revenue is recognised:

(a) Food and Beverage

Revenue from the sale of food and beverage is recognised at the time the food and beverage is provided and the sale is not conditional on any further actions of the Trust.

(b) Accommodation

Revenue from accommodation is recognised when the accommodation is utilised and the Trust is entitled to invoice.

(c) Dividend and Interest Revenue

Dividend from investments is recognised when the right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Borrowing Costs

All borrowing costs are recognised in the Income Statement in the period in which they are incurred.

CLUTHA LICENSING TRUST
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
For the year ended 31 March, 2011

1. SUMMARY OF ACCOUNTING POLICIES (Cont)

Taxation

Tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Tax for current and prior periods is recognised as a liability (or asset) to the extent it is unpaid (or refundable).

GST

All items in the balance sheet are stated exclusive of GST, with the exception of receivables and payables, which include GST. All items in the income statement are stated exclusive of GST.

Cash flows are included in the cash flow statement on a net basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Financial Instruments

Financial assets and financial liabilities are recognised on the Trust's Balance Sheet when the Trust becomes a party to the contractual provisions of the instrument.

(a) Cash & Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(b) Accounts receivable

Accounts receivable are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(c) Accounts Payables

Accounts payable are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

(d) Other Financial Assets

Other financial assets represent financial assets classified as "Available for sale". "Available for sale" financial instruments are stated at fair value less impairment. Gains or losses arising from changes in fair value are recognised directly in equity.

CLUTHA LICENSING TRUST
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
For the year ended 31 March, 2011

1. SUMMARY OF ACCOUNTING POLICIES (Cont)

(e) Inventory

Inventories are stated at the lower of cost or net realisable value.

Cash Flow Statement

Definition of terms used in the cash flow statement:

- Cash and cash equivalents includes cash on hand, deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.
- Operating activities include all transactions that are not investing or financing activities.
- Investing activities are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.
- Financing activities are those activities relating to changes in the equity and debt capital structure of the Trust and those activities relating to the cost of servicing the Trust's capital.

Change to Accounting Policies

The Trust has decided it will no longer account for income tax using the comprehensive method in accordance with NZ IAS 12 *Income Taxes*. As the Trust qualifies for differential reporting it has decided to use the taxes payable method instead as allowed by NZ IAS 12. The effect of this change has been applied retrospectively in accordance with NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. The effect of the restatement has decreased the deferred tax liability in the balance sheet by \$149,089 at 1 April 2009 and \$132,785 at 31 March 2010.

2. INCOME TAXES

2011
\$

2010
\$

(a) Taxation Calculation

The prima facie income tax expense on pre-tax accounting surplus/(deficit) reconciles to the income tax expense in the financial statements as follows:

Profit/(Loss) before income tax	74,611	(175,614)
Income tax expense calculated at 30% (2008: 33%)	22,383	(52,684)
Permanent differences	-	(98)
Less tax losses utilised	(22,383)	-
Less tax losses not recognised	-	52,782
Less Prior period adjustment	-	29,563
Taxation Expenses	-	\$29,563

	2011 \$	2010 \$
(b) Taxation Provision Movements		
Opening balance	(151)	(29,563)
Plus Current taxation	-	-
Adjustment prior period	-	29,563
	<u>-</u>	<u>(0)</u>
Less Taxation Paid	-	-
Resident Withholding Tax	(23)	(151)
	<u>(23)</u>	<u>(151)</u>
Closing balance	<u>(174)</u>	<u>(151)</u>

Tax losses carried forward (although not recognised as a deferred tax asset) available to offset future assessable income are \$202,747 (2010 \$268,055)

3. KEY MANAGEMENT PERSONNEL COMPENSATION

The compensation of the Trustees and General Manager and other senior management, being the key management personnel of the Trust, is set out below:

Short Term Employee Benefits	150,409	150,198
Post Employment Benefits	-	-
Other Long Term Employee Benefits	-	-
	<u>\$150,409</u>	<u>\$150,198</u>

4. REMUNERATION OF AUDITORS

Audit fees for financial statement audit	32,652	33,307
Other services	-	-
	<u>\$32,652</u>	<u>\$33,307</u>

The auditor of the Clutha Licensing Trust is Polson Higgs on behalf of the Auditor-General

CLUTHA LICENSING TRUST
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
For the year ended 31 March, 2011

5. ACCOUNTS RECEIVABLE

Trade Receivables	223,594	195,776
Sundry receivables and accruals	69,419	175,520
	<u>\$293,013</u>	<u>\$371,297</u>

No interest is charged on trade receivables.

2011
\$
2010
\$

6. INVENTORIES

Liquor	786,005	874,258
Food	58,782	63,202
Sundry stores	-	11,771
	<u>\$844,787</u>	<u>\$949,231</u>

7. OTHER FINANCIAL ASSETS

At fair value:

Shares in DB South Island Brewery Ltd (i)	53,096	53,096
Shares in Super Liquor Holdings Ltd (i)	2,500	2,500
Investments in Foodstuffs	13,365	13,660
	<u>\$68,961</u>	<u>\$69,256</u>

(i) These investments are designated as "Available for sale" financial instruments. Because of the nature of the shares and the fact that there is no active market, the Trust has elected to continue to use cost price as an approximation of fair value.

8. ACCOUNTS PAYABLE & ACCRUALS

Trade Creditors	859,101	936,683
Goods & Services Tax	107,122	42,165
Accrued Expenses	45,743	145,137
	<u>\$1,011,966</u>	<u>\$1,123,985</u>

9. EMPLOYEE ENTITLEMENTS

Provision for Holiday Pay (Current)	201,859	200,281
Provision for Long Service Leave (Non Current)	21,463	18,962
	<u>\$223,322</u>	<u>\$219,243</u>

The Provision for Holiday Pay represents employee entitlements for annual and long service leave which have "vested" in the employee. Provision for Long Service Leave represents unvested entitlements.

CLUTHA LICENSING TRUST
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
For the year ended 31 March, 2011

10. PROPERTY, PLANT & EQUIPMENT

	Cost/Valuation 1 April, 2010	Additions	Disposals	Impairment	Revaluation	Cost/Valuation 31 March, 2011	Accumulated Depreciation & Impairment Charges 1 April, 2010	Depreciation Expense	Accumulated Depreciation Reversed on Revaluation	Accumulated Depreciation Reversed on Disposal	Accumulated Depreciation & Impairment Charges 31 March, 2011	Book Value 31 March, 2011
2011												
Land	1,195,000	-	-	-	-	1,195,000	-	-	-	-	-	1,195,000
Buildings	5,024,811	531,611	-	-	-	5,556,422	213,949	236,043	-	-	449,992	5,106,430
Leasehold Improvements	113,842	12,047	-	-	-	125,889	61,194	4,737	-	-	65,931	59,958
Carpet and vinyl	206,724	357	-	-	-	207,081	142,093	15,517	-	-	157,610	49,47
Furniture and fittings	809,064	66,720	-	-	-	875,784	477,775	77,179	-	-	554,954	320,831
Office equipment	173,886	15,972	-	-	-	189,858	162,494	9,446	-	-	171,940	17,911
Plant	1,418,826	134,926	-	-	-	1,553,752	1,007,151	120,404	-	-	1,127,555	426,191
Motor vehicles	232,963	-	(17,777)	-	-	215,186	182,205	24,129	-	(14,461)	191,873	23,311
Linen, crockery, etc	81,911	2,508	-	-	-	84,419	80,883	1919	-	-	82,802	1,611
Total Property, Plant and Equipment	9,257,027	764,141	(17,777)	-	-	10,003,391	2,327,744	489,374	-	(14,461)	2,802,657	7,200,733

	Cost/Valuation 1 April, 2009	Additions	Disposals	Impairment	Revaluation	Cost/Valuation 31 March, 2010	Accumulated Depreciation & Impairment Charges 1 April, 2009	Depreciation Expense	Accumulated Depreciation Reversed on Revaluation	Accumulated Depreciation Reversed on Disposal	Accumulated Depreciation & Impairment Charges 31 March, 2010	Book Value 31 March, 2010
2010												
Land	1,195,000	-	-	-	-	1,195,000	-	-	-	-	-	1,195,000
Buildings	5,255,000	64,244	(1,151)	(293,282)	-	5,024,811	-	213,949	-	-	213,949	4,810,861
Leasehold Improvements	113,842	-	-	-	-	113,842	57,050	4,144	-	-	61,194	52,648
Carpet and vinyl	200,504	6,220	-	-	-	206,724	126,781	15,312	-	-	142,093	64,63
Furniture and fittings	783,462	33,487	(7,885)	-	-	809,064	400,720	83,609	-	(6,554)	477,775	331,288
Office equipment	163,414	11,586	(1,114)	-	-	173,886	153,306	9,773	-	(585)	162,494	11,391
Plant	1,375,163	55,431	(11,768)	-	-	1,418,826	889,138	123,331	-	(5,318)	1,007,151	411,671
Motor vehicles	238,638	-	(5,675)	-	-	232,963	153,066	34,359	-	(5,220)	182,205	50,751
Linen, crockery, etc	80,548	1,363	-	-	-	81,911	80,076	807	-	-	80,883	1,021
Total Property, Plant and Equipment	9,405,571	172,331	(27,593)	(\$293,282)	-	9,257,027	1,860,137	485,284	-	(17,677)	2,327,744	6,929,283

An independent valuation of the Trust's land and buildings was performed by Mike Barnsley, ANZIV, NNZPI, an independent registered valuer on 31st March 2009. The valuation, which conforms to New Zealand Property Institute Practice Standard - 3 Valuations for Financial Reporting Purposes, was determined by reference to discounted cash flows using an appropriate discount rate. Under the New Zealand Property Institute Practice Standard 1, which came into force from 1 May, 2004, all valuations must be assessed as at the date of inspection of the property, except where the valuation instructions are to assess the valuation at a retrospective date. Accordingly, the valuation date is the date of inspection.

CLUTHA LICENSING TRUST
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
For the year ended 31 March, 2011

			2011 \$	2010 \$
11. (a) NON CURRENT LIABILITIES (SECURED)				
	<u>Interest Rate</u>	<u>Expiry Date</u>		
ANZ Bank Loan	8.55%	30/04/2012	300,000	300,000
			<u>300,000</u>	<u>300,000</u>

The secured lending is by way of mortgage over the Trust's freehold land and buildings including: Rosebank Lodge, Hotel South Otago, White Horse Inn, Catlins Inn, Bridge Tavern, and Oak Tree Inn.

12. REMUNERATION OF TRUSTEES AND STAFF

Fees and expenses paid to Board members during the year:

President's honorarium	18,000	18,000
Board members' fees and expenses	27,579	25,733
	<u>\$45,579</u>	<u>\$43,733</u>

During the year, no current or former employee of the trust earned in excess of \$100,000 in remuneration by way of salary or other employment benefits (2010: Nil).

13. RESERVES

Retained Earnings (a)	4,823,366	4,749,055
Revaluation Reserve (b)	2,334,165	2,334,165
	<u>\$7,157,831</u>	<u>\$7,083,220</u>
 (a) Retained Earnings		
Opening balance	4,749,055	4,954,232
Profit/(Loss) after taxation	74,611	(205,177)
Closing balance	<u>\$4,823,666</u>	<u>\$4,749,055</u>
 (b) Revaluation Reserve		
Opening balance	2,334,165	2,334,165
Revaluation of land and buildings	-	-
Closing balance	<u>\$2,334,165</u>	<u>\$2,334,165</u>

The asset revaluation reserve arises on the revaluation of land and buildings. If a revalued property is sold the portion of the asset revaluation reserve which is effectively realised as part of that transaction is transferred directly to retained earnings.

CLUTHA LICENSING TRUST
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
For the year ended 31 March, 2011

14. CAPITAL COMMITMENTS

There were no capital commitments at 31 March 2011 (2010: \$Nil).

15. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 March 2011 (2010: \$Nil).

16. THE TRUSTS' CHARITABLE FOUNDATION (INC).

The Clutha Licensing Trust operates gaming machines in its outlets on behalf of The Trusts' Charitable Foundation. Periodically the Trust applies for the proceeds, less administration expenses, for distribution to organisations within the community served by the Trust. Funds available for distribution at 31 March 2011 for TTCF Ltd were \$108,729 and TTCF Inc \$11,389 (2010: \$13,489).

Funds held by The Trusts' Charitable Foundation are separate from and do not form part of these financial statements.

17. OPERATING LEASES

Non-cancellable operating lease commitments:

	2011	2010
	\$	\$
Not later than one year	-	16,456
Later than one year and not later than five years	149,924	207,934
Later than five years	-	-
	<u>\$149,924</u>	<u>\$224,390</u>

18. RECONCILIATION OF SURPLUS AFTER TAXATION TO NET CASH INFLOWS FROM OPERATING ACTIVITIES

	2011	2010
	\$	\$
Profit/(Loss) After Taxation	74,611	(205,177)
Non cash items:		
Gain on Sale of Assets	(6,713)	40
Depreciation	489,374	485,284
Long Service Leave	2,501	3,176
Impairment Loss	-	295,921
	<u>559,773</u>	<u>579,243</u>
Movements in working capital items:		
Provision for taxation	(23)	29,412
Inventory	104,444	(190,518)
Accounts payable and accruals	(112,019)	230,953
Employee entitlements	1,578	15,068
Accounts receivable and prepayments	77,558	(75,210)
	<u>\$631,310</u>	<u>\$588,587</u>
Net Cash Inflow From Operating Activities		

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CLUTHA LICENSING TRUST'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

The Auditor-General is the auditor of the Clutha Licensing Trust (the Trust). The Auditor-General has appointed me, Michael Peter Rondel, using the staff and resources of Polson Higgs, to carry out the audit of the financial statements of the Trust, on her behalf.

We have audited the financial statements of the Trust on pages 4 to 18, that comprise the balance sheet as at 31 March 2011, the statement of income, statement of comprehensive income and the statement of changes in equity for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

Opinion

In our opinion the financial statements of the Trust on pages 4 to 18:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Trust's:
 - financial position as at 31 March 2011; and
 - financial performance for the year ended on that date.

Our audit was completed on 4 August 2011. This is the date at which our opinion is expressed.

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

Basis of Opinion

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

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

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Trust's preparation of financial statements that fairly reflect the matters to which they relate. We consider

internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

An audit also involves evaluating:

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

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Trustees

The Trustees are responsible for preparing financial statements that:

- comply with in accordance with generally accepted accounting practice in New Zealand; and
- fairly reflect the Trust's financial position, financial performance and cash flows.

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

The Trustees' responsibilities arise from the Sale of Liquor Act 1989.

Responsibilities of the Auditor

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

Our responsibility arises from section 15 of the Public Audit Act 2001 and the Sale of Liquor Act 1989.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

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



Michael Peter Rondel
Polson Higgs
On behalf of the Auditor-General
Christchurch, New Zealand