

**Clutha Licensing Trust**

**Annual Report  
For the Year ended 31 March 2021**

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**For the Year ended 31 March 2021**

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## Clutha Licensing Trust

### Directory As at 31 March 2021

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<b>Nature of Business:</b>	Hotelier & Liquor Retailers	
<b>Trust Members:</b>	S Morris – President S McKenzie – Vice-President R Agnew J Lyders N Gardner T McIntosh D Robertson-Dunn E T Jenkins J McPhee (resigned 11 August 2020) M Cochrane (elected 30 September 2020)	
<b>Accountants:</b>	Shand Thomson Ltd, P O Box 2, Balclutha	
<b>Bankers:</b>	ANZ Bank, 33 Clyde Street, Balclutha Bank of New Zealand, P O Box 24, Balclutha	
<b>Solicitors:</b>	Sumpter Moore, P O Box 89, Balclutha	
<b>Inland Revenue Department:</b>	Clutha Licensing Trust	010-070-481

## Clutha Licensing Trust

### Approval by Trustees As at 31 March 2021

The trustees of Clutha Licensing Trust here present the financial statements for the year ended 31 March 2021.

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 2021 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 2013

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.

The trustees do not have the power to amend the financial statements after issue.

**S Morris**  
President

For and on behalf of the Trustees

Dated: 8 9 2021

**S McKenzie**  
Vice-President

8/9/2021

## Independent Auditor's Report

### To the readers of Clutha Licensing Trust's financial statements for the year ended 31 March 2021

The Auditor-General is the auditor of Clutha Licensing Trust (the Trust). The Auditor-General has appointed me, Dereck Ollsson, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust, on his behalf.

We have audited the financial statements of the Trust on pages 9 to 23, that comprise the statement of financial position as at 31 March 2021, the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

#### Qualified opinion

In our opinion, except for the possible effects of the matters described in the *Basis for our qualified opinion* section of our report, the financial statements of the Trust:

- present fairly, in all material respects:
  - its financial position as at 31 March 2021; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

Our audit was completed on 8 September 2021. This is the date at which our qualified opinion is expressed.

The basis for our qualified opinion is explained below. In addition, we outline the responsibilities of the Members and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

#### Basis for our qualified opinion

##### Impairment of property, plant and equipment - comparative year carrying value and impairment, and impairment reversal in current year

Our audit report on the 31 March 2020 financial statements was qualified because the Trust did not appropriately estimate the recoverable amount of property, plant and equipment for the year ended 31 March 2020.



As disclosed in the accounting policies on page 14, the Trust reviews the carrying amount of its property, plant and equipment at each balance date to determine whether there is any indication of an impairment loss. If there is an impairment indicator, NZ IAS 36 *Impairment of Assets* requires the asset's (or cash-generating-unit - CGU) recoverable amount to be estimated. If the recoverable amount of the asset (or CGU) is less than its carrying value, the asset's (or CGU's) carrying value should be reduced and an impairment recognised.

There were impairment indicators for the Trust's establishments (each establishment comprises a CGU) as at 31 March 2020 due to the impact of Covid-19 on the Trust, which could have resulted in a material impairment to the carrying value of property, plant and equipment. Contrary to the requirements of NZ IAS 36, the Trust did not appropriately estimate the recoverable amount for each establishment that includes all the assets of that establishment. The Trust considered only the carrying value of its land and buildings and recognised an impairment loss of \$133,823 in the statement of comprehensive income for the year ended 31 March 2020, which is presented as comparative information. Because the Trust did not determine the recoverable amount of each establishment in the comparative year, we were unable to obtain sufficient appropriate audit evidence to support the amount of the impairment loss recognised in other comprehensive income and determine whether any impairment loss was required to be recognised in the statement of financial performance for the year ended 31 March 2020.

The Trust has recognised an impairment reversal for land and buildings of \$133,823 in the statement of comprehensive income for the year ended 31 March 2021. Because of the matters explained above in respect of the comparative information only, we are unable to obtain sufficient appropriate audit evidence to support the amount of the impairment reversal recognised in other comprehensive income and determine whether any impairment reversal should have been recognised in the statement of financial performance for the year ended 31 March 2021.

It was impracticable for us to determine the amount of any required adjustment for the above matters.

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

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

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

### **Responsibilities of the Members for the financial statements**

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

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

In preparing the financial statements, the Members are responsible, on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Members are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the



Members resolve to amalgamate or liquidate the Trust, or to cease operations, or have no realistic alternative but to do so.

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

### **Responsibilities of the auditor for the audit of the financial statements**

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Members.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Members and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

### **Other information**

The Members are responsible for the other information. The other information comprises the information included on pages 2 to 4, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Independence**

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

For the year ended 31 March 2021 and subsequently, the Partner in Charge of a firm which provides an accounting function to the Trust is a member of the Auditor-General's Audit and Risk Committee. The Auditor-General's Audit and Risk Committee is regulated by a Charter that specifies that it provides independent advice to the Auditor-General and not assume any management functions. There are appropriate safeguards to reduce any threat to auditor independence, as the member of the Auditor-General's Audit and Risk Committee has no involvement in, or influence over, the audit of the Trust.

Other than in our capacity as auditor, and the relationship with the Auditor-General's Audit and Risk Committee, we have no relationship with, or interests, in the Trust.



Dereck Ollsson  
Audit New Zealand  
On behalf of the Auditor-General  
Dunedin, New Zealand





**Clutha Licensing Trust**  
**Statement of Cash Flows**  
**For the Year Ended 31 March 2021**

	Note	2021	2020
		\$	\$
<b>Cash Flows from Operating Activities</b>			
<b>Cash was Provided from:</b>			
Receipts from Customers		10,256,928	10,857,401
Receipt from a Government Grant		488,798	-
Taxation Refunded		79,836	-
Interest Received		10,958	27,553
Dividends Received		9,641	5,316
		10,846,161	10,890,270
<b>Cash was Applied to:</b>			
Payments to Suppliers and Employees		10,338,493	10,337,105
Interest Paid		-	2,506
Taxation Paid		100,235	243,438
		10,438,728	10,583,049
<b>Net Cash Inflow from Operating Activities</b>		407,433	307,221
<b>Cash Flow from Investing Activities</b>			
<b>Cash was Provided from:</b>			
Proceeds on Sale of Property, Plant and Equipment		2,365	8,018
<b>Cash was Applied to:</b>			
Purchase of Financial Assets		200,000	500,000
Purchase of Property, Plant and Equipment		134,768	249,180
		334,768	749,180
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>		(332,403)	(741,162)
<b>Cash Flows from Financing</b>			
<b>Cash was Provided from:</b>			
Proceeds from Borrowing		-	-
<b>Cash was Applied to:</b>			
Payment of Lease Liabilities		61,608	28,903
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>		(61,608)	(28,903)
Net Increase/(Decrease) in Cash Held		13,422	(462,844)
Add Opening Cash Brought Forward		1,002,402	1,465,246
<b>Ending Cash Carried Forward</b>	20	1,015,824	1,002,402



## Clutha Licensing Trust

### Statement of Financial Performance For the Year Ended 31 March 2021

	Note	2021	2020
		\$	\$
<b>Revenue</b>			
Liquor		7,803,413	8,014,855
Food		1,648,858	1,713,150
Accommodation		621,978	724,966
		<u>10,074,249</u>	<u>10,452,971</u>
<b>Less</b>			
Cost of Sales		5,891,153	6,014,346
<b>Gross Margin</b>		<u>4,183,096</u>	<u>4,438,625</u>
<b>Plus Other Revenue</b>			
Other Income	2	724,005	327,962
Dividends Received		9,641	5,317
Interest Received		9,385	17,486
		<u>743,031</u>	<u>350,765</u>
<b>Less Expenses</b>			
ACC Levies		10,555	18,961
Accounting and Secretarial fees		38,935	43,514
Audit Fees	5	61,978	63,455
Donations		22,223	14,842
Honorarium and Expenses	11	43,098	42,146
Insurance		67,092	58,012
Interest		2,139	2,506
Legal Fees		23,564	1,417
Other Expenses	3	1,164,302	1,270,511
Salaries & Wages	26	3,004,904	2,676,260
		<u>4,438,790</u>	<u>4,191,624</u>
		487,337	597,766
Depreciation	29	569,835	585,942
(Gain)/Loss on Sale of Property, Plant & Equipment		(3,615)	(2,794)
		<u>566,220</u>	<u>583,148</u>
<b>Profit (Loss) before Taxation</b>		<u>(78,883)</u>	<u>14,618</u>
<b>Plus/(Less)</b>			
Taxation	28	90,555	233,249
<b>Profit (Loss) after Taxation</b>		<u>11,672</u>	<u>247,867</u>

Clutha Licensing Trust

Statement of Comprehensive Income  
For the Year Ended 31 March 2021

	Note	2021 \$	2020 \$
<b>Profit (Loss) after Taxation</b>		11,672	247,867
<b>Other Comprehensive Income</b>			
Revaluation of Other Financial Assets	10	58,755	(2,864)
Revaluation of Property, Plant & Equipment	29	1,470,627	-
Impairment of Property, Plant & Equipment	29	133,823	(133,823)
Tax on Impairment		(37,470)	37,470
Deferred Tax on Revaluation of Buildings	28	(354,375)	-
		<u>1,271,360</u>	<u>(99,217)</u>
<b>Total Comprehensive Income</b>		<u>1,283,032</u>	<u>148,650</u>

Statement of Changes in Equity  
For the Year Ended 31 March 2021

	2021 \$	2020 \$
<b>Equity at the Beginning of the Period</b>	8,221,206	8,072,556
Profit (Loss) for the Period	11,672	247,867
Other Comprehensive Income (Loss)	1,271,360	(99,217)
Total Comprehensive Income for the Period	<u>1,283,032</u>	<u>148,650</u>
<b>Equity at End of Period</b>	<u>9,504,238</u>	<u>8,221,206</u>

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## Clutha Licensing Trust

### Statement of Financial Position As at 31 March 2021

	Note	2021 \$	2020 \$
<b>Trust Equity</b>			
Reserves	12	9,504,238	8,221,206
<b>Total Trust Equity</b>		9,504,238	8,221,206
<b>Represented by:</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	20	1,015,824	1,002,402
Other Financial Assets	10	1,100,000	900,000
Accounts Receivable	6	269,838	646,128
Prepayments		15,920	18,316
Taxation Refund	28	4,886	49,943
Inventory	7	1,230,381	977,099
		3,636,849	3,593,888
<b>Non Current Assets</b>			
Property, Plant and Equipment	29	8,531,319	7,144,374
Capital Works in Progress		24,920	-
Other Financial Assets	10	170,500	112,123
Intangible Assets	18	3,198	3,931
		8,729,937	7,260,428
<b>Current Liabilities</b>			
Accounts Payable and Accruals	8	1,157,538	950,085
Employee Entitlements	9	262,066	218,895
Lease of Right to Use Asset		71,941	28,941
Income in Advance		-	439,167
		1,491,545	1,637,088
<b>Non Current Liabilities</b>			
Employee Entitlements	9	16,180	12,425
Lease of Right to Use Asset	16	191,253	55,860
Deferred Tax Liability	28	1,163,570	927,737
		1,371,003	996,022
<b>Net Assets</b>		9,504,238	8,221,206



## Clutha Licensing Trust

### Notes to the Financial Statements For the Year ended 31 March 2021

#### Note 1 – Summary of Accounting Policies

##### Statement of Compliance

The Clutha Licensing Trust ("The Trust or CLT") is a profit orientated entity, and is a Licensing Trust operating under the Sale & Supply of Alcohol Act 2012. The Trust is a registered Trust incorporated 1955 and domiciled in Balclutha. The Trust operates entities that operate in the hospitality sector providing bars, restaurants and accommodation services.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZGAAP"). The statements comply NZ IFRS reduced disclosure regime, and other Financial Reporting Standards, as appropriate for profit orientated entities. Under the terms of the Accounting Standards Framework issued by the External Reporting Board (XRB) the Trust has designed itself a Tier 2 for profit entity and therefore applies the Tier 2 Accounting Standards (NZ IFRS Reduced Disclosure Regime). The Trust is eligible to report under the Tier 2 for profit standards because it does not have public accountability and is not large. The Trust has applied disclosure concessions.

##### Basis of Preparation

These financial statements are for the Clutha Licensing Trust only. 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 2021 and the comparative information presented in these financial statements for the year ended 31 March 2020.

The financial statements are presented in New Zealand dollars rounded to the nearest whole dollar, except for Note 29 Property, Plant and Equipment which is rounded to the nearest thousand.

The going concern assumption has been adopted in the preparation of these financial statements. The relevance of the going concern assumption is explained in Note 22 to these financial statements.

##### Changes in Accounting Policy

There have been amendments to FRS-44 New Zealand Additional Disclosures requiring additional going-concern disclosures where there is material uncertainty over the going concern assumption. The Trust does not believe that there is any such uncertainty and therefore amendments to this standard have no impact on the financial statements.

There were no other changes in accounting policies during the year.

##### Standards Issued and Not Yet Effective and Not Early Adopted

Certain new accounting standards and amendments have been issued that are not mandatory for the 31 March 2021 financial year and have not been early adopted by the Trust. The Trust has assessed that these are not likely to have an effect on its financial statements.

##### 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 really 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. These 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 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 change recognised as an expense in the statement of financial performance.
- **Allowance for impairment loss**  
Management assess 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 every two years, 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 reserves a decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the statement of financial performance to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of land and buildings is changed 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 the revalued buildings is charged to the statement of financial performance. 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.

All other property, plant and equipment is stated at historical 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:

	2021	2020
Buildings & Fit-outs	1 – 67 years	2 – 67 years
Leasehold Improvements	1 – 16 years	1 – 16 years
Office Equipment (excluding IT)	10 – 15 years	10 – 15 years
Office Equipment (IT)	1 – 8 years	1 – 8 years
Furniture & Fittings	5 – 15 years	5 – 15 years
Carpet & Vinyl	5 – 20 years	5 – 20 years
Plant & Equipment	5 – 20 years	5 – 20 years
Motor Vehicles	10 years	10 years

#### 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

##### Short Term Benefits

Employee benefits that the Trust expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave entitlement but not yet taken at balance date, annual leave accrual at balance date, and long services leave entitlements accrued by having reached a particular threshold.

##### Long Term Benefits

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave have been calculated on an actuarial basis.

The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of and contractual entitlements information; and
- The present value of the estimated future cash flows. A discount rate of 5% and an inflation rate of 1.99% were used (2020 5% and 2.5%). The discount rate and inflation rate are estimates based on the current market conditions.

#### Revenue Recognition

Revenue is measured at the fair value of the consideration received 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:

##### 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.

##### Accommodation

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

##### Dividend and Interest Revenue

Dividends from investments are 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.

#### Taxation

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable differences. Deferred tax assets are recognised to the extent that it is probably that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using the tax rates that have been enacted at balance date.

Current and deferred tax are charged or credited to surplus or deficit, except when it relates to items charged or credits directly to equity, in which case the tax is dealt with in equity.

#### 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 statement of financial performance are stated exclusive. Where GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the statement of financial position.

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

#### Inventory

Inventories held for sale or used in production of goods and services on a commercial basis are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business. Cost of inventories is based on a weighted average cost basis.

#### Financial Instruments

Financial assets and financial liabilities are recognised on the Trust's Statement of Financial Position when the Trust becomes a party to the contractual provisions on the instrument. Regular purchases and sales of financial assets are recognised on trade date - the date on which the Trust commits to purchase or sell the asset.

##### ■ Cash & Cash Equivalents

Cash and cash equivalents comprise cash on hand, short term 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.

##### ■ Accounts Receivable

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit losses. The Trust applies the simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance. The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default. The allowance recognised is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

##### ■ Accounts Payable

Accounts payable are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year, which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade payables are considered to be the same as their fair values, due to their short term nature.

##### ■ Other Financial Assets

Financial assets at fair value through other comprehensive income (FVOCI) comprise: Other financial assets which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in the category. These are strategic investments and the Trust considers this classification to be more relevant. These financial assets have contractual cash flows that are solely principal and interest and the objective of The Trust's business model is achieved both by collecting contractual cash flow and selling financial assets.

The fair value of investments in shares traded in an active market is based on quoted market bid prices at the balance sheet date. The fair value of investments not traded on an active market is determined using valuation techniques. Where the fair value of investments in shares cannot be reliably measured (on the basis that only a range of fair values could be determined and the probability of the various estimates in the range could not be determined without further information from the entity being valued and this information has been sought and access to that information refused), the investments in shares will be valued at cost.

After initial recognition, investments in shares at fair value are subsequently measured at their fair value, with gains and losses recognised in the Statement of Comprehensive Income. On de-recognition the cumulative gain or loss previously recognised in equity is recognised in the Statement of Comprehensive income.

Investments in shares are those intended to be held long term or are for strategic purposes included in non-current assets unless management intends to dispose of these within 12 months of the balance date. The Trust has short term deposits which are classified as amortised cost. These are non-derivative financial assets with fixed or determinable payments that are not quoted in the active market. In this category the Trust has term deposits with maturity dates of greater than three months.

#### ■ Operating Lease Payments

Operating leases are capitalised under IFRS 16 Leases, recognising all lease liabilities and corresponding right of use assets on the balance sheet. Lease liabilities are recorded at the value of fixed payments. The right of use asset arising from a lease arrangement at initial recognition reflects the lease liability, initial direct costs, lease payments made before the commencement date of the lease, less any lease incentives.

The Trust has applied the practical expedient under C3 of IFRS 16 in that it has not reassessed whether a contract contains a lease as at the date of initial application if the contract was previously identified as a lease under NZ IAS 17.

#### ■ Donations

Donations are recognised through the statement of financial performance when they are approved by the Trustees and paid.

#### Intangible Assets

The Trust holds liquor licences for all its establishments. These are issued for periods 3 years, and are recognised as an intangible asset. Their cost is amortised on a straight-line basis over their 3 year useful life.

The trust also holds a lifetime license for software subscription. This is not amortised, but assessed for impairment.

#### Cashflow 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.

#### Note 2 – Other Income

	2021	2020
	\$	\$
Gaming Machine Income	225,371	237,548
Equipment Rental	4,973	6,900
Rentals	49,814	30,509
Wage Subsidy	439,167	49,631
Sundry Income	4,680	3,374
	<u>724,005</u>	<u>327,962</u>

#### Note 3 – Other Expenses

	2021	2020
	\$	\$
Advertising	17,493	24,396
Bank Fees	54,413	58,226
Cleaning & Rubbish	39,202	47,948
Commissions Paid	51,297	63,393
Computer Expenses	32,298	30,256
Electricity & Heating	281,525	311,275
Entertainment	7,306	20,557
Franchise Payments	45,676	41,330
Hospitality	14,903	15,714
Laundry	61,987	73,006
Printing & Stationery	11,349	18,435

Rates	37,780	32,049
Rentals	45,167	55,879
Repairs & Maintenance	178,567	237,270
Sky TV	37,119	47,789
Telephone	26,949	24,900
Motor Vehicle Expenses	24,791	25,912
Other Expenses	196,480	142,176
	<u>1,164,302</u>	<u>1,270,511</u>

#### Note 4 – Key Management Personnel Compensation

Number of employees and former employees of the Trust who received in excess of \$100,000 by way of remuneration during the financial year are as follows:

	2021	2020
	\$	\$
Key management personnel	121,518	109,948

Employees of the Trust (section 335(4)(b)(ii) of the Sale & Supply of Alcohol Act 2012)

Remuneration Band	2021	2020
\$120,000 - \$130,000	1	-
\$100,000 - \$110,000	-	1

#### Note 5 – Remuneration to Auditors

	2021	2020
	\$	\$
Audit fees for financial statement audit for the Audit NZ	61,978	60,255
Audit NZ recoveries for the 2019 financial statements audits	-	3,200
	<u>61,978</u>	<u>63,455</u>

The auditor of the Clutha Licensing Trust is "Audit New Zealand" on behalf of the Auditor General.

#### Note 6 – Accounts Receivable

	2021	2020
	\$	\$
Trade receivables	228,989	139,946
Sundry receivables and accruals	40,849	506,182
	<u>269,838</u>	<u>646,128</u>

No interest is charged on trade receivables

#### Aged trade receivables

	2021	2020
	\$	\$
0 – 30 days	210,708	130,921
30 – 60 days	5,819	8,526
60 – 90 days	1,016	691
Over 90 days	11,446	(192)
	<u>228,989</u>	<u>139,946</u>

#### Note 7 – Inventories

	2021	2020
	\$	\$
Liquor	1,177,335	926,116
Food	53,046	50,983
	<u>1,230,381</u>	<u>977,099</u>

#### Note 8 – Accounts Payable & Accruals

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short term nature.



	2021	2020
	\$	\$
Trade creditors	939,126	791,480
Goods & services tax	94,916	67,030
Accrued expenses	123,496	91,575
	<u>1,157,538</u>	<u>950,085</u>
<b>Aged trade payables</b>		
	2021	2020
	\$	\$
0 – 30 days	924,940	787,438
30 – 60 days	16,380	3,665
60 – 90 days	142	(92)
Over 90 days	(2,336)	469
	<u>939,126</u>	<u>791,480</u>

#### Note 9 – Employee Entitlements

	2021	2020
	\$	\$
<b>Current Portion</b>		
Salaries and wages accrued	36,680	19,036
Provision for holiday pay	222,371	192,294
Provision for long service leave	3,015	7,565
	<u>262,066</u>	<u>218,895</u>
<b>Non Current Portion</b>		
Provision for long service leave	16,180	12,425

The provision for Holiday Pay represents employee entitlements for annual and long service leave that has vested in the employee. Provision for long service leave represents unvested entitlements. These amounts are uncertain at balance date and the amounts have been included at the best estimate of the liability.

#### Note 10 – Other Financial Assets

	2021	2020
	\$	\$
<b>Current Other Financial Assets</b>		
At fair value:		
Term Deposits	1,100,000	900,000
	<u>1,100,000</u>	<u>900,000</u>
<b>Non Current Other Financial Assets</b>		
At fair value:		
Shares in DB South Brewery Ltd (DBSI) (i)	168,000	109,244
Shares in Super Liquor Holdings Ltd (i)	2,500	2,500
Investments in Foodstuffs	-	379
	<u>170,500</u>	<u>112,123</u>

These investments are designated as "Fair value through Other Comprehensive Income" 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 (apart from DBSI shares) as an approximation of fair value.

The Trust holds 48,634 (2020 48,634) ordinary shares issued by DBSI, representing less than 1% of the 7,200,000 shares issued by the company. The value of the shares has been based on the net assets DBSI as set out in its financial statements dated 31 December 2020 being the balance date. This results in a share value of \$2.27 per share (2020 \$2.25) which is an increase in the total value of the shares of \$1,168. There is nothing to suggest that there has been any material movement in the total net assets of the company since 31 December 2020.

The valuation method is not in accordance with IFRS 13 which requires the shares to be valued using unobservable inputs under

level 3 fair value hierarchy. The Trust deems the method utilised is appropriate.

	2021	2020
	\$	\$
Opening Value at 1 April	109,245	112,109
Revaluation/(Devaluation)	58,755	(2,864)
	<u>168,000</u>	<u>109,245</u>
Closing Value at 31 March		

The revaluation/(devaluation) is shown as "other comprehensive income" in the Statement of Comprehensive Income.

#### Interest Rates

The weighted average effective interest rates on financial assets were:

	2021	2020
Other Financial Assets – Current	0.277%	2.000%

#### Note 11 – Remuneration of Trustees

Fees and expenses paid to Board members during the year:

	2021	2020
	\$	\$
Presidents Honorarium	18,000	18,000
Board Members Fees and Expenses	25,098	24,146
	<u>43,098</u>	<u>42,146</u>

#### Note 12 – Reserves

	2021	2020
	\$	\$
Retained Earnings (a)	4,045,668	4,033,996
Revaluation Reserve (b)	5,458,570	4,187,210
	<u>9,504,238</u>	<u>8,221,206</u>

#### (a) Retained Earnings

	2021	2020
	\$	\$
Opening Balance	4,033,996	3,786,129
Profit (Loss) after Taxation	11,672	247,867
	<u>4,045,668</u>	<u>4,033,996</u>

#### (b) Revaluation Reserve

	2021	2020
	\$	\$
Opening Balance	4,187,210	4,286,427
Revaluation of Property, Plant & Equipment	1,470,627	-
Deferred Tax on Revaluation of Buildings	(354,375)	-
Revaluation of Other Financial Assets	58,755	(2,864)
Impairment of Property, Plant & Equipment	133,823	(133,823)
Tax on Impairment	(37,470)	37,470
	<u>5,458,570</u>	<u>4,187,210</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.

#### Note 13 – Capital Commitments

There were no capital commitments at 31 March 2021 (2020 \$Nil)

#### Note 14 – Contingent Liabilities and Assets

There were \$15,000 contingent liabilities at 31 March 2021 (2020 \$15,000) as the Clutha Licensing Trust has a bank guarantee of \$15,000 to the TAB.

In recent years employers in the private and public sectors in New Zealand have begun to identify the potential for significant

issues in relation to holiday pay entitlements, as covered by the Holidays Act 2013 and employment agreements. There is a particular risk for employers with rostered employees working on varying work shifts and numbers of hours.

In July 2018, the Clutha Licensing Trust commissioned an employment law specialist to review the annual leave calculations and daily pay calculations. The review reported that there was due attention taken to employment entitlements, and that there was a low overall risk of any unaccounted liabilities. There were no contingent assets (2020 \$Nil).

#### **Note 15 – The Trusts Charitable Foundation**

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 2021 for TTFC Ltd were \$34,802 (2020 \$45,890).

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

#### **Note 16 – Leased Assets**

There are no non-cancellable operating lease commitments that are not defined as Right of Use lease commitments.

Right of Use lease commitments are as follows:

##### **Linxco**

On the 1<sup>st</sup> October 2019, the Trust entered into a lease of commercial premises for a period of two years, requiring 24 monthly payments of \$833 (including GST).

##### **Flexigroup**

On the 20<sup>th</sup> January 2018, the Trust entered into a lease of a telephone system for a period of five years, requiring 60 monthly payments of \$879 (including GST).

##### **Ricoh**

On the 5<sup>th</sup> November 2019, the Trust entered into a lease of photocopiers for a period of five years, requiring 60 monthly payments of \$936 (including GST).

##### **Liquorland**

On the 15<sup>th</sup> March 2021, the Trust entered into a lease of commercial premises for a period of five years, requiring 60 monthly payments of \$4,600 (including GST).

The Flexigroup and Ricoh right of use commitments are not subject to any variable lease payments, extension options or termination options, residual value guarantees nor restrictions or covenants.

The Linxco right of use commitment is not subject to any variable lease payments, or termination options, residual value guarantees nor restrictions or covenants. There are two further rights of renewal; the 1<sup>st</sup> October 2021 and the 1<sup>st</sup> October 2022, with a final expiry date of 30<sup>th</sup> September 2023, therefore the potential future lease payments not included in lease liabilities is \$20,000 (plus GST)

The Liquorland right of use commitment is not subject to any variable lease payments, or termination options, residual value guarantees nor restrictions or covenants. There is one further right of renewal; the 1<sup>st</sup> January 2026, with a final expiry date of

31<sup>st</sup> December 2030, therefore the potential future lease payments not included in lease liabilities is \$240,000 (plus GST).

There are no leases committed which are not yet commenced.

#### **Note 17 – Related Party Transactions**

During the period, there have been related party purchases between Clutha Licensing Trust and board members as follows:

- Robert Agnew being the owner of Milton Butchery with transactions totalling \$28,209 (2020 \$30,546). There was \$4,091 owing at balance date (2020 \$1,874). Milton Butchery provides meat to the restaurants operated by the Trust.
- Steve Morris being the owner of Steve Morris Joinery with transactions totalling \$131 (2020 \$2,712). There was \$nil (2020 \$nil) owing at balance date. Steve Morris provides joinery services to the Trust.
- Neville Gardner being a committee member of Balclutha Golf Club with transactions totalling \$50 (2020 \$75). There was \$57 owing at balance date (2020 \$nil). Balclutha Golf Club purchases liquor from the trust.
- Jared McPhee being Director of Balclutha Motors Group Ltd, and Director and sole shareholder of McPhee Group Ltd, which solely owns Balclutha Motors Group Ltd, with transactions totalling \$nil (2020 \$18,609). There was \$nil owing at balance date (2020 \$nil). The trust purchased a vehicle from Balclutha Motors Ltd in 2020, and subsequent servicing.
- Jared McPhee being Director of Tyreland Balclutha Ltd (a wholly owned company of Balclutha Motors Group Ltd), transactions totalling \$nil (2020 \$678). There was \$nil owing at balance date (2020 \$nil). Tyreland Balclutha Ltd provides tyres to the trust.
- Clutha Development Inc (of which Jared McPhee is a Trustee and on the Executive Committee) transactions totalling \$nil (2020 \$100). There was \$nil owing at balance date (2020 \$nil).

During the period, there have been related party sales between Clutha Licensing Trust and board members as follows:

- Neville Gardner being a committee member of Balclutha Golf Club with transactions totalling \$18,499 (2020 \$18,086). There was \$3,276 (2020 \$2,153) owing at balance date. Balclutha Golf Club purchases liquor from the trust.
- Neville Gardner with transactions totalling \$3,923. (2020 \$2,596). There was \$150 owing at balance date (2020 \$423).
- Robert Agnew being a committee member of Toko Golf Club with transactions totalling \$10,475 (2020 \$11,728). There was \$2,503 (2020 \$646) owing at balance date. Toko Golf Club purchases liquor from the trust.
- Jared McPhee being Director of Balclutha Motors Group Ltd, and Director and sole shareholder of McPhee Group Ltd, which solely owns Balclutha Motors Group Ltd, with transactions totalling \$2,177 (2020 \$907). There was \$62 (2020 \$228) owing at balance date. Balclutha Motors purchases liquor from the Trust.
- Jason Lyders being director and shareholder of Ross Lyders Ltd trading as Lyders Contracting with transactions totalling \$2,865 (2020 \$2,979). There was \$146 (2020 \$65) owing at balance date. Ross Lyders Ltd purchases liquor from the Trust.



- Steve Morris paid \$nil to Otago Southland Employers Agency on the Trust's behalf, and was reimbursed for this (2020 \$260)
- Milton/Bruce RSA (of which Evan Jenkins is a committee member) with transactions totalling \$30,466 (2020 \$34,146). There was \$5,189 owing at balance date (2020 \$2,283).
- Clutha Rugby Football Club (of which Jared McPhee is a committee member) with transactions totalling \$5,848 (2020 \$19,093). There was \$74 owing at balance date (2020 \$4,120).
- Clutha Community Trust (of which Jared McPhee is a committee member) with transactions totalling \$nil (2020 \$173). There was \$nil owing at balance date (2020 \$nil).
- Clutha Development Inc (of which Jared McPhee is a Trustee on the Executive Committee) transactions totalling \$7,097 (2020 \$5,835). There was \$nil owing at balance date (2020 \$175).
- Balclutha Round Table (of which Mike Curtis is President) transactions totalling \$341 (2020 \$Nil). There was \$nil owing at balance date (2020 \$Nil).

All amounts are exclusive of GST. The trust has the Auditor General's approval under the Local Authorities (Members Interests) Act 1968 until the 31<sup>st</sup> March 2021, for the trustee Robert Agnew to be interested in these transactions with the Trust.

#### Note 18 – Intangible Assets

The Trust holds liquor licences for all its establishments. These are issue for periods of 3 years, and are recognised as intangible assets. Their cost is amortised on a straight line basis over their useful life.

The trust also holds a lifetime license for a Team Viewer subscription. This is not amortised, but assessed for impairment.

	2021	2020
	\$	\$
<b>Liquor Licenses</b>		
<b>Cost</b>		
Opening Balance	39,410	35,835
Renewal of Licences	4,125	3,575
Closing Balance	<u>43,535</u>	<u>39,410</u>
<b>Accumulated Depreciation &amp; Impairment Losses</b>		
Opening Balance	36,270	33,451
Renewal of Licences	4,858	2,819
Impairment Losses	-	-
Closing Balance	<u>41,128</u>	<u>36,270</u>
Carrying Amount	<u>2,407</u>	<u>3,140</u>
<b>Software Licenses</b>		
Opening Balance	791	791
Software Licenses	-	-
Carrying Amount	<u>791</u>	<u>791</u>

#### Note 19 – Franchise Commitments

Non-cancellable franchise commitments:

	2021	2020
	\$	\$
Not later than one year	35,400	35,400
Later than one year and no later than five years	64,850	94,000
Later than five years	-	6,250
	<u>100,250</u>	<u>135,650</u>

#### Note 20 – Cash & Cash Equivalents

	2021	2020
	\$	\$
Bank accounts	925,604	988,381
Imprest accounts & ATM's	90,220	14,021
	<u>1,015,824</u>	<u>1,002,402</u>

The bank has perfected security interest in all present and after acquired property of Clutha Licensing Trust.

#### Note 21 – Grants Paid

The Trust has not made any grants during the year (2020 \$Nil).

#### Note 22 – Going Concern Assumption

The Trust's accounting policy is to adopt the going concern assumption in the preparation of the financial statements. To the best of the Trustees knowledge and belief, the Trust has adequate resources to continue operations for the foreseeable future, other than in the situation referred to in Note 23. The Trust has confirmed the continued ownership of the venues.

In the current financial year, there was positive improvement from the outlets, and the trust continues to actively work on delivering better returns to our stakeholders through:

- Retaining and strengthening our skilled labour base;
- Progressing our current complete review of Trust's premises, with a view to their improvements and development, in line with market requirements;
- Working in line with the new Sale and Supply of Liquor Act 2012 requirements and reduced driver breath levels with a commitment to the provision of an acceptable (but controlled) courtesy coach service from all our premises; and
- Continuing to support community groups and organisations in South Otago through the Trusts Community Foundation Limited, and through direct distributions from the Trust to community groups within our district.

#### Note 23 – Impact of Covid-19

On 11 March 2020, the World Health Organisation declared the outbreak of Covid-19 a pandemic, and two weeks later the New Zealand Government declared a State of National Emergency. From this, the country was in lockdown at Alert Level 4 for the period 26 March to 27 April 2020 and remained in lockdown at Alert Level 3 until 13 May 2020.

During this period, the Trust closed all sites. Head Office staff moved to a 'work from home' model and hospitality staff remained at home.

The trust then partially reopened some bottle stores as 'click and collect' outlets at Alert Level 3 and fully reopened all sites from 21st May 2020, though this was with social distancing restrictions limiting customer numbers and reduced gaming machines available to play.

The country moved to Alert Level 1 on 9 June 2020. Additionally, parts of the country moved into Alert Level 2 for some time during August and September 2020 and during February and March 2021.

The Government's response to Covid-19 included restricting access to commercial premises from 26 March to 13 May 2020.

The Trust premises were subject to complete closure from 26 March 2020 until 28<sup>th</sup> of April 2020, which mean an inability for the staff to complete an onsite physical stock take on 31 March 2020, and a delay in commencing significant budgeted repairs and maintenance.

The closure and trading restrictions only had a moderate impact on the Trust's profitability for 2020/21 because domestic tourism provided some relief for the loss in international visitors, and the effects of the 'Covid Honeymoon'.

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1 in early June 2020, the Trust's businesses have recovered well to with sales at close to 106% of pre-Covid-19 levels. The main impacts on the Trust's financial statements due to Covid-19 are explained below:

**Hospitality income**

While revenue from our hospitality operations largely ceased during the 'lockdown' period and most costs continued, the nature of these businesses has meant that revenue returned to normal levels soon after the lockdown period ended.

**Gaming machine operations**

The Trust's gaming machine operations were affected in the same way and timing as the Trust's businesses. Gaming machine revenue has returned to near similar levels as pre-Covid-19 levels after returning to Alert Level 1 in early June 2020. However, net profit was 5.1% lower than the March 2020 full-year results because of Covid-19 restrictions.

**Revenue from wage subsidy**

The Trust received the government wage subsidy of \$488,798 for the initial 12-week period in April 2020 but was ineligible to apply for later subsidies.

**Operating expenses**

As a result of Covid-19, the Trust has incurred lower than budgeted operating expenses, with fixed costs remaining steady and variable costs being reduced.

**Payroll costs**

Using funds from the Wage Subsidy, the Trust continued to pay its staff their regular entitlements and no staff were made redundant nor were there any wage renegotiations.

**Carrying value of land and buildings**

For the previous year as at 31 March 2020, the Trust recognised an impairment loss of \$133,823. The Trust engaged its external valuer to assess whether the fair value of land and buildings as at 31 March 2021 differed materially to their carrying value at that date. The valuer has confirmed that fair value is significantly more than the carrying value (refer to Note 29) and also noted that, while there remained some uncertainty about land and building values due to Covid-19, there was not a material valuation uncertainty as at 31 March 2021.

**Note 24 – Subsequent Events**

**2021**

In early August 2021, an outbreak of Delta variant of the Covid-19 pandemic occurred in NZ, and at midnight 17<sup>th</sup> of August, New Zealand Government declared the country was in lockdown at Alert Level 4.

At Level 4, Trust sites are again closed, and Head Office staff again moved to a 'work from home' model whilst hospitality staff remain

at home. At the time of report publication the Alert Level 4 remains in place until midnight 31<sup>st</sup> August, at which time Alert Level 3 will then be in place. The Trust will continue to monitor its operational ability during Alert Levels as per the processes followed in 2020, and will continue to apply for wage subsidies as eligible.

There were no other significant events that occurred after balance date.

**2020**

On the 28<sup>th</sup> of April 2020 New Zealand moved to Alert Level 3 and reopened sites with appropriate restrictions and precautions. All sites excepting Hotel South Otago takeaway food and the bottle stores at Liquorland and White Horse Inn resumed trading. On the 14<sup>th</sup> of May 2020, at Alert Level 2, in house dining resumed (including the Hotel South Otago) with necessary precautions.

There are material uncertainties related to events or conditions (the consequences of COVID-19) that may cast significant doubt upon the entity's ability to continue as a going concern should the business be required to move to Alert Level 4 for an extended period. These restrictions would mean a heavy reliance on Government assistance and/or cash reserves. However the Board is confident that the Trust has appropriate plans in place to mitigate the effects of any further transitions to Level 2 and 3).

**Note 25 – Government Grant**

The Trust was eligible for the Government Covid-19 wage subsidy scheme and received \$488,798 in the current financial year.

As revenue from government grants is recognised when the associated expenses is incurred, \$49,631 was recognised as other income in the 2020 reporting period, with the residual \$439,167 recognised in other income in the 2021 reporting year.

There are no unfulfilled conditions nor contingencies in relation to the subsidy.

The Trust did not meet the eligibility criteria for second Government subsidy.

**Note 26 – Salaries & Wages**

	2021	2020
	\$	\$
Wages and Salaries	2,880,450	2,686,253
Changes to Provisions (Note 9)	46,926	(78,548)
Kiwisaver Contribution	77,528	68,555
	<u>3,004,904</u>	<u>2,676,260</u>






## Note 27 - Financial Instruments

### Credit Risk

Financial instruments which potentially subject the Trust to concentrations of credit risk consist principally of cash, short term deposits, receivables and investments. The Trust places its cash and short term investments with high credit rated financial institutions. There are no collateral securities to support financial investments due to the quality of the receivables and investments dealt with.

### Fair Value

Cash, short term deposits, receivables, accounts payable and short term borrowings have a carrying amount that is equivalent to their fair value.

### Currency & Interest Rate Risk

There is no currency risk as all transactions are in New Zealand dollars. Short term deposits are used to minimise interest risk. There are no off balance sheet financial instruments at balance date, nor have there been any during the financial year.

### Categories of Financial Instruments

The following table summarises the categories of the Trust's financial instruments:

Measurement Category			2020	2021	
			Carrying Amount		
<b>Financial Assets</b>					
Trade & Other Receivables		Amortised Cost	646,128	269,838	
Cash & Cash Equivalents		Amortised Cost	1,002,402	1,015,824	
Other Financial Assets (Short Term Deposits)		Amortised Cost	900,000	1,100,000	
Other Financial Assets (Equity Investments)		Fair value through Other Comprehensive Income	112,123	170,500	
<b>Financial Liabilities</b>					
Trade & Other Payables		Amortised Cost	950,085	1,157,538	
<b>2021</b>	<b>Available for sale financial assets</b>	<b>Loans &amp; receivables</b>	<b>Financial liabilities at amortised cost</b>	<b>Total carrying value</b>	<b>Fair value</b>
<b>Financial Assets</b>					
Trade & Other Receivables	-	268,482	-	269,838	269,838
Cash & Cash Equivalents	-	1,015,824	-	1,015,824	1,015,824
Short Term Bank Deposits	-	1,100,000	-	1,100,000	1,100,000
Other Financial Assets	170,500	-	-	170,500	170,500
<b>Financial Liabilities</b>					
Trade & Other Payables	-	-	1,157,538	1,157,538	1,157,538
Borrowings	-	-	-	-	-

### Financial Instruments

The Trust's financial assets include assets at fair value through other comprehensive income and amortised cost. The Trust recognises financial assets when it becomes party to a contract. These assets may be classified into the categories of financial assets depending of the Trust's intention to hold them and the nature of the investments.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through surplus or deficit, transaction costs that are attributable to the acquisition of the financial asset. The subsequent measurement and presentation of the financial assets will vary depending on their category.

Available for sale financial assets are also held by the Trust in the years reported have been designated into the following classification, "Fair value through Other Comprehensive Income". Fair value through Other Comprehensive Income are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and these comprise cash and cash equivalents, trade and other receivables and short-term deposits. The financial assets are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Trust's financial liabilities are classified as "financial liabilities measured at amortised cost", which are subsequently measured at amortised cost using the effective interest method. Financial liabilities at amortised cost comprise trade and other payables.

At each reporting date, the Trust assesses whether the financial assets are impaired and when there is objective evidence of impairment, the carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in surplus or deficit.

For financial assets carried at amortised cost, the criterion used to determine whether objective evidence of impairment exists is the asset's collectability. Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue, for which no suitable repayment arrangements have been achieved, are considered objective evidence of impairment.

A financial asset is derecognised primarily when: (a) the rights to receive cash flows from the asset have expired, or (b) the Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party.

The bank has security in all present and after acquired property of Clutha Licensing Trust.

## Note 28 – Income Tax

	2021	2020		
	\$	\$		
<b>Tax Calculation</b>				
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	(78,883)	14,618		
Income Tax Expense Calculated at 28%	(22,087)	4,091		
Permanent Differences	-	-		
Deferred Taxation Adjustment	(68,468)	(237,340)		
<b>Taxation Expenses</b>	<u>(90,555)</u>	<u>(233,249)</u>		
<b>Analysis of Taxation Expenses</b>				
Current Taxation	65,456	97,463		
Deferred Taxation	(156,011)	(330,712)		
	<u>(90,555)</u>	<u>(233,249)</u>		
<b>Deferred Tax Liability</b>				
	Opening Balance	Charged to Income	Charged to Other Comprehensive Income	Closing Balance
	\$	\$	\$	\$
<b>2021</b>				
Property, Plant and Equipment	1,005,323	(91,853)	391,845	1,305,315
Lease Commitments	(23,744)	(55,737)	-	(79,481)
Employee Entitlements	(53,842)	(8,422)	-	(62,264)
	<u>927,737</u>	<u>(156,012)</u>	<u>391,845</u>	<u>1,163,570</u>
<b>2020</b>				
Property, Plant and Equipment	1,361,974	(319,181)	(37,470)	1,005,323
		23,744		(23,744)
Employee Entitlements	(66,055)	12,213	-	(53,842)
	<u>1,295,919</u>	<u>(283,223)</u>	<u>(37,470)</u>	<u>927,737</u>
<b>Taxation Provision</b>				
<b>Opening Balance</b>			(49,943)	96,032
<b>Plus</b>				
Tax Refunded			79,836	-
Current Taxation			65,456	97,474
			<u>145,292</u>	<u>97,474</u>
			95,349	193,506
<b>Less</b>				
Taxation Paid			96,911	235,916
Dividend RWT			-	22
Resident Withholding Tax			3,324	7,511
			<u>100,235</u>	<u>243,449</u>
<b>Closing Balance</b>			<u>(4,886)</u>	<u>(49,943)</u>

In 2020, the large reduction in deferred taxation was due to the reintroduction of tax depreciation on commercial and industrial buildings.

## Note 29 – Property, Plant & Equipment

An independent valuation of the Trust's land and buildings was performed by Colliers (Joe Chapman B.Com NPM MPINZ NZIV) an independent registered valuer on 31<sup>st</sup> March 2021.

The valuation concluded that the market value of land was \$1,755,000 and improvements \$5,885,000; a total market value of \$7,640,000. This has resulted in an upwards revaluation of \$1,470,624 which is reflected in other comprehensive income.

The valuation also concluded that given market evidence, current economic conditions, the high proportion of domestic cliental and historic and current trading records, there was no impairment consideration required for the 31 March 2021 year. The impairment which was included in the 2020 result has now been reversed, and this is also detailed in the statement of comprehensive income. The underlying cash generating units are Hotel South Otago (\$47,352) and Oak Tree Inn (\$86,471).

**Note 29 – Property, Plant & Equipment (continued)**

2020	Cost/ Valuation	Accumulated Depreciation & Impairment	Carrying Amount	Current Year Additions	Current Year Disposals	Current Year Impairment Charges	Current Year Depreciation Expense	Revaluation Surplus	Reversal of Accumulated Depreciation	Cost Revaluation	Accumulated Depreciation & Impairment	Accumulated Carrying Amount	31 Mar 2020		31 Mar 2020	
													\$000	\$000	\$000	\$000
	31 Mar 2019	31 Mar 2019	31 Mar 2019													
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	1,550	-	1,550	-	-	-	-	-	-	1,550	-	1,550				
Buildings	5,455	-	5,455	32	-	133	458	-	-	5,487	-	4,896				
Leasehold Imprvmts	218	133	85	-	-	-	10	-	-	218	143	74				
Carpet & Vinyl	233	215	18	-	-	-	1	-	-	233	216	17				
Furniture & Fittings	1,116	999	117	20	3	-	22	-	-	1,133	1,022	111				
Office Equipment	455	430	25	10	1	-	15	-	-	464	445	20				
Right of Use Assets	-	-	-	101	-	-	17	-	-	101	17	84				
Plant	2,001	1,795	206	36	1	-	48	-	-	2,036	1,844	192				
Vehicles	331	294	37	180	2	-	15	-	-	509	309	200				
Linen & Crockery	96	96	-	-	-	-	-	-	-	96	96	-				
	\$11,455	\$3,962	\$7,493	\$379	\$7	\$133	\$586	-	-	\$11,827	\$4,683	\$7,144				

2021	Cost/ Valuation	Accumulated Depreciation & Impairment	Carrying Amount	Current Year Additions	Current Year Disposals	Current Year Impairment Charges	Current Year Depreciation Expense	Revaluation Surplus	Reversal of Accumulated Depreciation	Cost Revaluation	Accumulated Depreciation & Impairment	Accumulated Carrying Amount	31 Mar 2021		31 Mar 2021	
													\$000	\$000	\$000	\$000
	31 Mar 2020	31 Mar 2020	31 Mar 2020													
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	1,550	-	1,550	-	-	-	-	205	-	1,755	-	1,755				
Buildings	5,487	591	4,896	-	-	(133)	410	1,266	460	6,293	410	5,883				
Leasehold Imprvmts	218	143	74	-	-	-	9	-	-	218	152	66				
Carpet & Vinyl	233	216	17	-	-	-	1	-	-	233	217	16				
Furniture & Fittings	1,133	1,022	111	11	-	-	22	-	-	1,144	1,044	100				
Office Equipment	464	445	20	12	-	-	12	-	-	476	457	19				
Right of Use Assets	101	17	84	240	-	-	40	-	-	341	57	284				
Plant	2,036	1,844	192	80	-	-	53	-	-	2,116	1,897	219				
Vehicles	509	309	200	29	6	-	34	-	-	532	343	189				
Linen & Crockery	96	96	-	-	-	-	-	-	-	96	96	-				
	\$11,827	\$4,683	\$7,144	\$372	\$6	\$(133)	\$581	\$1,471	\$460	\$13,204	\$4,673	\$8,531				