

2018

CLUTHA TRUST

Annual Report



Rosebank Lodge, Balclutha
Clutha Liquorland, Balclutha
Hotel South Otago, Balclutha
White Horse Inn, Milton
Catlins Inn, Owaka
Oak Tree Inn, Clinton



Clutha Trust

Our People - Your Business - Your Trust
Clutha Licensing Trust – Operating Since 1956

Clutha Licensing Trust

Operates from the Rosebank Lodge - 265 Clyde Street, Balclutha,
South Otago, New Zealand

Phone: +64 3 419 0021 Fax: +64 3 418 1493





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TRUST PRESIDENT'S

REPORT 2018

Trading - We have been fortunate to experience positive sales growth across all sectors during the 2017/18 trading year, with food sales increasing by 9%, accommodation by 8% and the combined liquor sales by 3%. This growth has come from increased tourist visitors and increased commercial activity in the region, along with a long HOT summer and the continued support of our local/loyal customer base.

All the Trusts premises exceeded our budgeted expectations, with Rosebank Lodge Balclutha, experiencing the largest sales growth and the best performance/profit return during this period.

The hospitality sector continues to change with food sales increasing year on year, so our focus will remain on continued improvements within this sector, both in what we offer on our menus and within our dining environments. We will also aim to keep our accommodation sector trending forward, with improvements to our facilities where possible.

The liquor sector continues to focus on New Product Development (N.P.D.) to capture the market of those wanting to try new and exciting options with their disposable income. Craft beers are still growing in popularity and demand and we are continually faced with an array of N.P.D. items to fill our bottle store shelves and chillers. Please talk with our staff should there be something you would like them to obtain.

Property - During this fiscal period we completed the renovations of the 18 bathrooms within the Rosebank Lodge accommodation block, and double glazed these rooms at the same time.

The Trustees are focused on improving our ageing properties where they are economic to do so.

We have a couple of internal bar/restaurant adjustments in our plans, which should make operational efficiencies within their associated business and we are still exploring the best spend on the Hotel South Otago building/operation as we don't wish to over invest in this property.

Our year ahead sees a proposed capital & maintenance program of \$689,000 to future enhance our business.

During the latter part of this fiscal year we took back the operation/management of the Bridge Tavern in Kaitangata, following a brief lease period.

Financial - I am pleased to advise that the Trust has produced a "Black" bottom line for the first time in a number of years. Our trading result before taxation and after depreciation was **\$109,000** versus a loss last year of \$(31,859), and this result includes the expensing of approximately \$60,000 for exploratory/project assessments for the proposed Hotel South Otago redevelopment project. The increased trading and slight improvement on margins and reduced expenses has delivered this positive result for our business.

We continue to look at our business model to see where we can make improvements and reduce costs. The annual increase/s to the adult wage will add further cost to our business and long-term these increases will impact on the price of goods to our customer.

During this year we became debt free clearing the \$300,000 term loan facility we had in place.

Our cash reserves at the end of the fiscal year were approximately \$1.2M.

Note: A full set of accounts can be viewed on-line via the Trust's website: <http://www.clt-trust.co.nz>

Gaming & Grants - The machines operating within our facilities are operated on behalf of the Trusts Community Foundation. These machines deliver returns for both our business and to the community. Should you wish to apply for funding from our foundation please follow this link for a funding application form:

<http://www.ttcfltd.org.nz/how-to-apply/application-forms>

The Trusts Community Foundation Limited - supported 53 groups and organisations within South Otago during the 2017/18 period to the value of **\$689,016** (refer to the attached schedule of recipients), compared with 63 applications during the previous period totalling \$644,688.

Liquor Licensing Laws & Legislation Changes – New Zealand liquor licensing laws do not support the serving of alcohol to persons who are intoxicated, whether you enter our bars and/or our bottle stores.

We are regularly faced with confrontation at our doors, bars and bottle stores from persons that feel they have the right to enter and/or gain service in whatever condition they present themselves.

I am pleased to advise that it seems the message we have presented over recent years is finally paying dividends and whilst there are still some that try their hand, our sites are finding less intoxicated entry/service problems and for that we all thank you.

Without our liquor license/s we cannot operate our bars, bottle stores, restaurants or café's, so whilst it may seem to be inconvenient at the time, our staff must make the calls they are trained to make, so we can continue to serve the majority of our customers.

Sale and Supply of Alcohol (Renewal of Licences) Amendment Bill and the SOP No 14

This amendment bill is currently before Parliament's select committee with their report due to be released late August, and if successful it may see the limiting of off premise trading, whereby existing off licensed venues that have traded in their current locations for many years may have trading limitations posed against their licenses.

If these premises are nearby to churches and schools they may have to close whilst these facilities operate or when schools start and finish, which would impact on two of our larger off premises stores.

Parliament did not intend for existing license holders to be affected by new Local Alcohol Policies, and Sir Geoffrey Palmer said that would be unfair. Why is Parliament doing this now?

If you get the opportunity to have your say, please don't vote in favor of this change, as ultimately it could affect YOUR business.

Community Support & Events:

The Clutha Licensing Trust distributed **\$20,067** in sponsorships to various community groups within our district during the past year. This support allows the smaller events to keep happening in the community, such as school fairs, bowling tournaments and golf tournaments etc.

During this fiscal year we supported (to name a few) the following events:

- South Island Sheep Dog Trial Championships in May 2017
- Coastal Classic Mountain Bike, Run or Walk in November 2017
- The Papatowai Challenge in February 2018
- The Owaka Cavalcade in March 2018

Clutha District Senior Citizens Christmas Luncheons – The Trust again hosted our very popular annual Senior Citizens Christmas luncheons in early December at the Rosebank Lodge and we are planning this event for mid-December again this year. On entry our guests make a small donation and last year these donations totalled **\$1,476** over the two days, which were donated to the South Otago Police Blue Light Youth programme.

Please remember, these premises are owned by **YOU** the people of South Otago, and the more support we get from you the owners the better the facilities and amenities we can provide for your use and comfort.

We aim to deliver the best facilities we can, so if you feel we are falling short in anyway, please forward your suggestions via our website enquiry link: <http://www.clt-trust.co.nz/enquiries.html>.

In closing, I would sincerely like to say, "thank you" to our customers for supporting the Trust and your businesses where possible and I now take the opportunity to thank my fellow Trustees for their support and commitment during the past year working hard for the Trust. I wish to thank our management team and all our staff for the dedication and commitment they have afforded the Trust, the Board and myself during this year.

Kind Regards, Steve Morris – President.



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FINANCIAL REPORT

STATEMENT of COMPREHENSIVE INCOME

for the Year ended 31 March 2018

	2018	2017
	\$000	\$000
Operating Revenue		
Sales	9,239	8,787
Other Income	366	316
Total Operating Revenue	9,605	9,104
Less Expenses	9,487	9,121
Less Finance Costs	9	22
Gain/Loss on Sale of Property Plant & Equipment		(8)
Operating Surplus before Taxation	109	(32)
Taxation	17	5
Operating Surplus after Taxation	92	(37)
Revaluation of Property, Plant, Equipment & Financial Assets	-	931
Deferred Tax Building Revaluations	(1)	1
	-	(207)
Total Comprehensive Income	92	687

STATEMENT of CHANGES in EQUITY

for the Year ended 31 March 2018

	2018	2017
	\$000	\$000
Equity at the Beginning of Year	6,827	6,140
Total Comprehensive Income	92	687
Equity at 31 March 2018	6,919	6,827

NOTE: TO THE READER of the above SUMMARY of FINANCIAL ACCOUNTS

The above information is a summary of the Trust's audited financial accounts for the fiscal period 31 March 2018. A full copy of the Trust's Financial Annual report and the Trust's Presidents' report can be located on the Trust's website: <http://www.clt-trust.co.nz> under the financial reporting tab or from the Trust's Head Office located at the Rosebank Lodge, 265 Clyde Street, Balclutha.

STATEMENT of FINANCIAL POSITION

as at 31 March 2018

	2018	2017
	\$000	\$000
Current Assets	2,811	2,369
Non Current Assets	6,774	7,469
Total Assets	9,585	9,838
Current Liabilities	1,493	1,746
Non Current Liabilities	1,173	1,265
Total Liabilities	2,666	3,011
Net Assets	6,919	6,827
Represented by:		
Revaluation Reserves	3,374	3,375
Retained Earnings	3,545	3,453
Total Equity	6,919	6,827

STATEMENT of CASH FLOWS

for the Year ended 31 March 2018

	2018	2017
	\$000	\$000
Cash flows from:		
Operating Activities	505	471
Investing Activities	(301)	(243)
Financing Activities	(300)	-
Net Increase/(Decrease) in Cash	(96)	228
Opening Cash Brought Forward	1,232	1,004
Closing Cash	1,136	1,232

If you have any immediate questions please contact the Trust's General Manager – David Kenny on 03 419 0021 or forward written correspondence to our email mail@clt-trust.co.nz or post to the Clutha Licensing Trust, PO Box 113, Balclutha 9240.

SJ Morris
President of the Trust
25th July 2018

SD McKenzie
Vice-President of the Trust
25th July 2018

THE TRUSTS COMMUNITY FOUNDATION GRANTS

The Trusts Community Foundation (TTCF) is the preferred gaming machine service provider for the **Clutha Licensing Trust** and operates its gaming machines at the following venues:

- Bridge Tavern, Kaitangata
- Catlins Inn, Owaka
- Hotel South Otago, Balclutha
- Oak Tree Inn, Clinton
- Rosebank Lodge, Balclutha
- White Horse Inn, Milton

Management and staff at these outlets are acknowledged for providing their ongoing support to TTCF's class 4 gaming machine operation in such a diligent manner.

TTCF is authorised to operate class 4 gaming machines in licensed premises on a nationwide basis and has always had strong links with the Licensing Trust sector. The Foundation currently provides services to 8 individual Licensing/Charitable Trusts here in New Zealand and has always had a policy of distributing all pokie profits generated from venues within a Licensing Trust area directly back into the local community.

An amendment to the Gambling Act shortly after it came into force made provision for elected members of Licensing Trusts to have an input into TTCF's grants approval process by way of making recommendations to TTCF.

Accordingly, TTCF invites the elected members of the Clutha Licensing Trust to consider all compliant applications received from within the Clutha Trust boundaries on a monthly basis. TTCF subsequently considers these recommendations at their next scheduled Net Proceeds Committee meeting.

The recommendations of the elected members of the Clutha Licensing Trust, utilising their extensive local knowledge, has been invaluable in terms of ensuring the needs of the local community are being met.

These are the grants approved by TTCF in the last financial year from funds generated in the **Clutha Licensing Trust area:**

Anglican Family Care Centre Inc	25,000.00
Balclutha Junior Soccer Club	2,187.00
Balclutha Playcentre	2,766.60
Bowls South Otago Inc	5,304.35
City Impact Church Balclutha Trust	715.03
Clutha Country Music Club Inc	2,750.00
Clutha District Council - Clutha Country Christmas Celebration	7,603.30
Clutha District Council - District Library	744.57
Clutha District Settlement Support Inc.	6,000.00
Clutha Marching	3,200.00
Clutha Rugby Football Club Inc	36,279.47
Clutha Valley Playcentre	829.97
Clutha Valley Plunket Group	10,000.00
Environmental Education for Resource Sustainability Trust (EERST)	505.00

CONTINUED:

These are the grants approved by TTCF in the last financial year from funds generated in the Clutha Licensing Trust area:

Heart Kids New Zealand Incorporated	5,000.00	
Jenny's Companionship Group Inc	1,396.20	
Kaitangata and District Promotions Inc	838.00	
Kaitangata Community Centre Charitable Trust	200,000.00	
Kaitangata Primary School BOT	17,391.00	
Kaka Point Community Group Inc	1,401.00	
Lawrence Waitahuna Presbyterian Church	5,000.00	
Life Education Trust Heartland Otago/Southland	2,000.00	
MCHT Support & Advocacy - Tokomairiro Community Hub	30,200.00	
Milton Boat Club Inc	1,812.50	
Milton Elder C.A.R.E. Trust	3,283.30	
Milton Volunteer Fire Brigade	12,135.69	
NZ Council of Victim Support Groups Inc - Balclutha	3,090.00	
Otago Country Rugby Supporters Club Inc.	4,750.00	
Otago Shearing & Woolhandling Committee	10,016.46	
Outward Bound Trust of New Zealand	16,139.00	
Owaka Combined Sports Bodies Incorporated	6,113.91	
Owaka Lions Club Charitable Trust	21,392.00	
Owaka Rugby Football Club	23,417.17	
Owaka Swimming Baths Committee Inc	7,001.20	
South Otago Agricultural and Pastoral Society	2,209.00	
South Otago Free Kindergarten Association Inc - Balclutha Kindergarten	4,997.00	
South Otago Free Kindergarten Association Inc. - Goldfields Kindergarten	5,217.40	
South Otago Free Kindergarten Association Inc. - Rosebank Kindergarten	3,900.00	
South Otago High School	9,876.51	
South Otago Pony Club Inc.	2,200.00	
Sport Otago	30,000.00	
St Joseph's School Board of Trustees	4,000.00	
The Cavalcade Host Town Committee Inc	10,000.00	
The Milton & Districts Senior Citizens Club Inc	1,549.44	
Toko Rugby Football Club Inc	29,073.94	
Tokomairiro A&P Society	7,703.56	
Tokomairiro Community Recreation Centre Trust Inc.	15,080.00	
Tokomairiro Early Learning Centre Inc	5,500.00	
Tokomairiro High School PTA	3,030.25	
Tuapeka Vintage Club Inc.	28,000.00	
Waiwera South School	30,000.00	
Warepa Collie Club	30,000.00	
	Subtotal	698,599.82
Less refunds received		- 9,583.42

ANNUAL ALLOCATION TOTAL = \$ 689,016.40

**Applications for funding can be either downloaded from www.ttcfltd.org.nz
or requested directly from the TTCF Grants Office by telephoning
0800 882 3583 Extension 2**



Clutha Trust

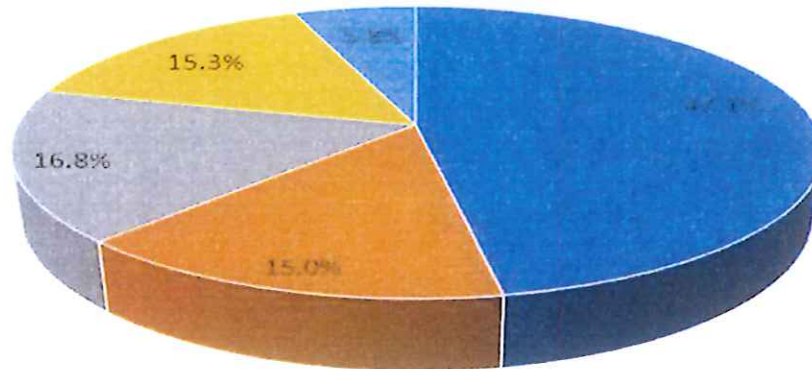
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FINANCIAL

GRAPHS

TOTAL SALES BREAKDOWN for 2017/18

SALES BY SECTOR



■ Off Premise ■ Trade Wholesale ■ On Premise ■ Food ■ Accommodation

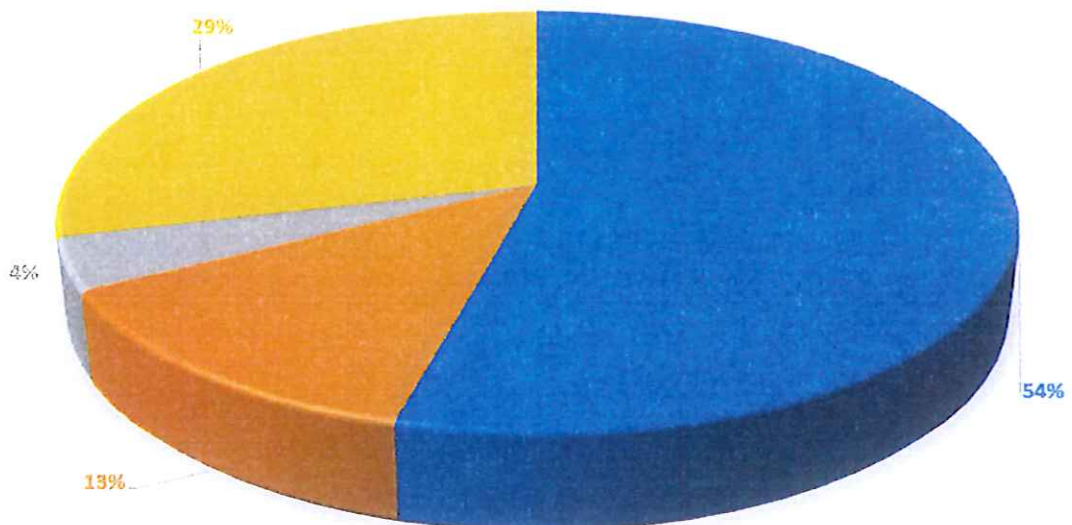


THE TRUSTS
Community
FOUNDATION

GRANT

ALLOCATIONS

GRANTS BY SECTOR 2017/2018



■ Community Wellbeing ■ Education
■ Environment, Heritage & Arts ■ Sport & Recreation



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Community Elected Trustees

Mr G.E.B. (Blair) CROSS – <i>Balclutha Ward</i>	- elected 2010
Mr R.G. (Tiny) AGNEW – <i>Tokomairiro Ward</i>	- appointed August 2011/elected 2013
Mr J.F.R (Jason) Lyders – <i>Lawrence Ward</i>	- appointed 2012/elected 2013
Mr S.J. (Steve) Morris (President) – <i>Balclutha Ward</i>	- elected 2013
Mr S.D. (Scott) McKenzie (Vice-President) – <i>Clinton Ward</i>	- elected 2013
Mr I. R. (Icky) Carruthers – <i>Tokomairio Ward</i>	- elected 2013
Mr T.M. (Trevor) McIntosh – <i>Owaka Ward</i>	- elected 2016
Mr N.C. (Neville) GARDNER – <i>Balclutha Ward</i>	- elected 2016
Mrs D.A. (Debbie) Robertson-Dunn – <i>Kaitangata Ward</i>	- elected 2017

Executive of the Trust & Service Providers

Mr D.F. (David) KENNY – Chief Executive Officer/General Manager

Mr W.J. (Wayne) FELTS – Operations & Purchasing Manager

· TRUST ACCOUNTANT	- Shand Thomson - Balclutha
· AUDITORS	- Audit New Zealand - Dunedin
· BANKERS	- Bank of New Zealand - Balclutha
· BANKERS - Credit line	- ANZ Banking Group - Dunedin
· INSURANCE BROKERS	- AON New Zealand (N.Z.L.T.A Insurance Collective)
· SOLICITORS	- Sumpter Moore - Balclutha

HEAD OFFICE: 265 CLYDE STREET, BALCLUTHA 9230

PHONE: 03 419 0021 FACSIMILE: 03 418 1493

Postal: P O Box 113 Balclutha 9240

Email: mail@clt-trust.co.nz

Website: <http://www.clt-trust.co.nz>

Rosebank Lodge Motor Hotel - 265 Clyde Street, Balclutha.

Phone: 03 419 0021 Fax: 03 418 1489

Email: rosebanklodge@clt-trust.co.nz

General Manager: Mrs Trudy Spicer-Stevenson

Clutha Liquorland - 70 Clyde Street, Balclutha.

Phone: 03 418 0099 Fax: 03 418 3160

Email: manager.clutha@liquorland.co.nz

Warehouse Manager: Mr Cody Botting

Shop Manager: Ms Kaye Moodie

Hotel South Otago – 13 Clyde Street, Balclutha.

Phone: 03 418 2100 Fax: 03 418 2116

Email: hotelsouthotago@clt-trust.co.nz

Manager: Mr Andrew de Geest

White Horse Inn – 147 Union Street, Milton.

Phone: 03 417 8049 Fax: 03 417 7278

Email: whitehorseinn@clt-trust.co.nz

Manager: Ms Anita O'Connell

Oak Tree Inn – Hotel & Motel - Gorge Road, Clinton.

Phone/Fax: 03 415 7007

Email: oaktreeinn@clt-trust.co.nz

Manager: Mrs Carol Hill

Catlin's Inn – 21 Ryley Street, Owaka.

Phone: 03 415 8350 Fax: 03 415 8624

Email: catlinsinn@clt-trust.co.nz

Managers: Ms Andrea Dudding

Bridge Tavern – Clyde Terrace Kaitangata (SOLD 14.05.18)

Manager: Ms Dannette Young