

Clutha Licensing Trust

Annual Report
For the Year ended 31 March 2023

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For the Year ended 31 March 2023

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Clutha Licensing Trust

Directory
As at 31 March 2023

Nature of Business:	Hotelier & Liquor Retailers
Trust Members:	S Morris – President J Lyders M Cochrane S Hayward J McPhee
Accountants:	Shand Thomson Ltd, P O Box 2, Balclutha
Bankers:	ANZ Bank, 33 Clyde Street, Balclutha Bank of New Zealand, P O Box 24, Balclutha
Solicitors:	Sumpter Moore, P O Box 89, Balclutha
Inland Revenue Department:	010-070-481
Auditors:	Crowe New Zealand Audit Partnership On behalf of the Auditor General

Clutha Licensing Trust

Approval by Trustees As at 31 March 2023

The trustees of Clutha Licensing Trust here present the financial statements for the year ended 31 March 2023.

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 2023 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:

28 / 8 / 23

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CLUTHA LICENSING TRUST'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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

Opinion

We have audited the financial statements of the Trust on pages 8 to 21, that comprise the statement of financial position as at 31 March 2023, 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 the summary of accounting policies and other explanatory information.

In our opinion the financial statements of the Trust:

- present fairly, in all material respects:
 - its financial position as at 31 March 2023; 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 with Reduced Disclosure Regime.

Our audit was completed on 28 August 2023. This is the date at which our opinion is expressed.

The basis for our 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 opinion

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 for the audit of the financial statements* 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 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 to continue 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 Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

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



Philip Sinclair
Crowe New Zealand Audit Partnership
On behalf of the Auditor-General
Dunedin, New Zealand

Clutha Licensing Trust
Statement of Cash Flows
For the Year Ended 31 March 2023

	Note	2023	2022
		\$	\$
Cash Flows from Operating Activities			
Cash was Provided from:			
Receipts from Customers		11,778,031	11,236,046
Receipt from a Government Grant		28,190	189,473
Taxation Refunded		1,473	-
Interest Received		28,671	6,813
Dividends Received		4,328	5,787
		11,840,693	11,438,119
Cash was Applied to:			
Payments to Suppliers and Employees		11,575,969	11,092,507
Taxation Paid		56,522	53,234
		11,632,491	11,145,741
Net Cash Inflow from Operating Activities		208,202	292,378
Cash Flow from Investing Activities			
Cash was Provided from:			
Sale of Financial Assets		-	700,000
Proceeds on Sale of Property, Plant and Equipment		1,181,476	4,419
		1,181,476	704,419
Cash was Applied to:			
Purchase of Financial Assets		950,000	-
Purchase of Capital Work in Progress		369,085	-
Purchase of Property, Plant and Equipment		105,419	204,279
		1,424,504	204,279
Net Cash Inflow/(Outflow) from Investing Activities		(243,028)	500,140
Cash Flows from Financing			
Cash was Provided from:			
Proceeds from Borrowing		-	-
Cash was Applied to:			
Payment of Lease Liabilities		68,741	75,941
Net Cash Inflow/(Outflow) from Financing Activities		(68,741)	(75,941)
Net Increase/(Decrease) in Cash Held		(103,567)	716,577
Add Opening Cash Brought Forward		1,732,401	1,015,824
Ending Cash Carried Forward	20	1,628,834	1,732,401

Clutha Licensing Trust

Statement of Financial Performance For the Year Ended 31 March 2023

	Note	2023	2022
		\$	\$
Revenue			
Liquor		9,128,662	8,473,814
Food		1,632,177	1,728,961
Accommodation		697,465	742,269
		11,458,304	10,945,044
Less			
Cost of Sales		6,987,855	6,423,949
Gross Margin		4,470,449	4,521,095
Plus Other Revenue			
Other Income	2	296,405	479,161
Dividends Received		1,459	5,787
Interest Received		34,949	6,444
		332,813	491,392
Less Expenses			
ACC Levies		12,921	24,580
Accounting and Secretarial fees		34,523	40,240
Audit Fees	5	96,594	73,726
Donations		23,178	14,664
Honorarium and Expenses	11	62,152	68,000
Insurance		69,364	72,531
Interest		5,910	7,557
Legal Fees		58,494	1,993
Other Expenses	3	1,164,103	1,116,500
Salaries & Wages	25	2,926,004	3,159,161
		4,453,243	4,578,952
		350,019	433,535
Depreciation	29	511,064	919,402
(Gain)/Loss on Sale of Property, Plant & Equipment		(91,231)	-
Capital (Gain)/Loss on Disposal of Assets Held for Sale		(133,994)	-
		285,839	919,402
Profit (Loss) before Taxation		64,180	(485,867)
Plus/(Less)			
Taxation	28	(46,417)	117,110
Profit (Loss) after Taxation		17,763	(368,757)

Clutha Licensing Trust

Statement of Comprehensive Income For the Year Ended 31 March 2023

	Note	2023 \$	2022 \$
Profit (Loss) after Taxation		17,763	(368,757)
Other Comprehensive Income			
Revaluation of Other Financial Assets	10	(31,000)	(13,000)
Revaluation of Property, Plant & Equipment	29	449,500	-
Deferred Tax on Revaluation of Buildings	28	29,400	-
		<u>447,900</u>	<u>(13,000)</u>
Total Comprehensive Income		<u>465,663</u>	<u>(381,757)</u>

Statement of Changes in Equity For the Year Ended 31 March 2023

		2023 \$	2022 \$
Equity at the Beginning of the Period		9,122,481	9,504,238
Profit (Loss) for the Period		17,763	(368,757)
Other Comprehensive Income (Loss)		447,900	(13,000)
Total Comprehensive Income for the Period		<u>465,663</u>	<u>(381,757)</u>
Equity at End of Period	12	<u>9,588,144</u>	<u>9,122,481</u>

Clutha Licensing Trust

Statement of Financial Position As at 31 March 2023

	Note	2023 \$	2022 \$
Trust Equity			
Reserves	12	9,588,144	9,122,481
Total Trust Equity		<u>9,588,144</u>	<u>9,122,481</u>
Represented by:			
Current Assets			
Cash and Cash Equivalents	20	1,628,834	1,732,401
Other Financial Assets	10	1,350,000	400,000
Accounts Receivable	6	232,367	279,571
Prepayments		27,265	10,956
Inventory	7	1,252,177	1,071,623
		<u>4,490,643</u>	<u>3,494,551</u>
Assets Held for Sale	26,29	-	961,250
Non Current Assets			
Property, Plant and Equipment	29	6,878,614	6,829,759
Capital Works in Progress		440,625	71,540
Other Financial Assets	10	126,500	157,500
Intangible Assets	18	4,299	3,840
		<u>7,450,038</u>	<u>7,062,639</u>
Current Liabilities			
Accounts Payable and Accruals	8	964,085	910,675
Taxation Payable	28	28,011	3,578
Employee Entitlements	9	288,840	277,396
Lease of Right to Use Asset	16	62,763	67,090
		<u>1,343,699</u>	<u>1,258,739</u>
Non Current Liabilities			
Employee Entitlements	9	2,300	4,737
Lease of Right to Use Asset	16	83,308	147,721
Deferred Tax Liability	28	923,230	984,762
		<u>1,008,838</u>	<u>1,137,220</u>
Net Assets		<u>9,588,144</u>	<u>9,122,481</u>

Clutha Licensing Trust

Notes to the Financial Statements For the Year ended 31 March 2023

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 designated 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 2023 and the comparative information presented in these financial statements for the year ended 31 March 2022.

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

In the current reporting period no applicable standards have been introduced or amended.

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

Standards Issued and Not Yet Effective and Not Early Adopted

There are no new accounting standards and amendments that have been issued that are mandatory for the 31 March 2023 financial year and therefore these 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 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. 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 charge 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 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:

	2023	2022
Buildings & Fit-outs	1 – 67 years	1 – 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.

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. Revenue is recognised at a point in time, upon satisfaction of the relevant performance obligations. Transaction price is allocated to the relevant performance obligations. 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 is 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

Note 3 – Other Expenses

	2023	2022
	\$	\$
Advertising	17,290	18,862
Bank Fees	56,846	51,338
Cleaning & Rubbish	36,846	39,943
Commissions Paid	60,455	51,374
Computer Expenses	49,547	30,830
Electricity & Heating	206,402	257,301
Entertainment	4,060	8,494
Franchise Payments	46,577	46,618
Hospitality	16,219	20,757
Laundry	76,964	64,965
License Fees	16,232	22,325
Printing & Stationery	10,514	11,905
Rates	31,834	46,182
Rentals	21,313	22,605
Repairs & Maintenance	221,452	162,209
Security	63,690	37,493
Sky TV	38,877	50,024
Telephone	23,869	24,574
Motor Vehicle Expenses	35,683	46,965
Other Expenses	129,433	101,737
	<u>1,164,103</u>	<u>1,116,500</u>

Note 4 – Key Management Personnel Compensation

	2023	2022
	\$	\$
Key management personnel	334,263	254,054
Full Time Equivalent Members	3	3

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

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:

Remuneration Band	2023	2022
\$190,001 - \$200,000	1	-
\$110,001 - \$120,000	-	1

Comprised of the Following	2023	2022
Remuneration	\$110k-\$120k	\$100k - \$110k
Vehicle Allowance	\$0k - \$10k	\$0k - \$10k
One Off Payments	\$70k - \$80k	\$0k
Total	\$190k - \$200k	\$110k-\$120k

Note 5 – Remuneration to Auditors

	2023	2022
	\$	\$
Audit fees for financial statement audit	96,594	63,726
Audit NZ recoveries for the 2021 financial statements audit	-	10,000
	<u>96,594</u>	<u>73,726</u>

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

Note 6 – Accounts Receivable

	2023	2022
	\$	\$
Trade Receivables	204,107	227,477
Goods & Services Tax	-	16,653
Sundry Receivables and Accruals	28,260	35,441
	<u>232,367</u>	<u>279,571</u>

No interest is charged on trade receivables.

Aged Trade Receivables

	2023	2022
	\$	\$
0 – 30 days	181,512	203,307
30 – 60 days	20,092	23,089
60 – 90 days	1,220	1,061
Over 90 days	1,283	20
	<u>204,107</u>	<u>227,477</u>

Note 7 – Inventories

	2023	2022
	\$	\$
Liquor	1,214,734	1,014,935
Food	37,443	56,688
	<u>1,252,177</u>	<u>1,071,623</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.

	2023	2022
	\$	\$
Trade Creditors	774,822	746,761
Goods & Services Tax	84,280	85,214
Accrued Expenses	104,983	78,700
	<u>964,085</u>	<u>910,675</u>

Aged Trade Payables

	2023	2022
	\$	\$
0 – 30 days	820,941	749,871
30 – 60 days	(45,833)	1,130
60 – 90 days	(474)	(2,869)
Over 90 days	188	(1,371)
	<u>774,822</u>	<u>746,761</u>

Note 9 – Employee Entitlements

	2023	2022
	\$	\$
Current Portion		
Salaries and Wages Accrued	110,102	24,371
Provision for Holiday Pay	178,738	247,392
Provision for Long Service Leave	-	5,633
	<u>288,840</u>	<u>277,396</u>

Non Current Portion

Provision for Long Service Leave	2,300	4,737
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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

	2023	2022
	\$	\$
Current Other Financial Assets		
At fair value:		
Term Deposits	<u>1,350,000</u>	<u>400,000</u>
	<u>1,350,000</u>	<u>400,000</u>
Non Current Other Financial Assets		
At fair value:		
Shares in DB South Brewery Ltd (DBSI) (i)	124,000	155,000
Shares in Super Liquor Holdings Ltd (i)	2,500	2,500
	<u>126,500</u>	<u>157,500</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 (2022 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 valuation report as provided by Nexia New Zealand. This results in a share value of \$2.55 per share (2022 \$3.19). There is nothing to suggest that there has been any material movement in the total net assets of the company since 31 December 2022.

	2023	2022
	\$	\$
Opening Value at 1 April	155,000	168,000
Revaluation/(Devaluation)	(31,000)	(13,000)
Closing Value at 31 March	<u>124,000</u>	<u>155,000</u>

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:

	2023	2022
Other Financial Assets – Current	2.85%	0.41%

Note 11 – Remuneration of Trustees

Fees and expenses paid to Board members during the year:

	2023	2022
	\$	\$
Presidents Honorarium	18,000	18,000
Board Members Fees and Expenses	44,152	50,000
	<u>62,152</u>	<u>68,000</u>

Note 12 - Reserves

	2023	2022
	\$	\$
Retained Earnings (a)	3,694,674	3,676,911
Revaluation Reserve (b)	5,893,470	5,445,570
	<u>9,588,144</u>	<u>9,122,481</u>

(a) Retained Earnings

	2023	2022
	\$	\$
Opening Balance	3,676,911	4,045,668
Profit (Loss) after Taxation	17,763	(368,757)
Closing Balance	<u>3,694,674</u>	<u>3,676,911</u>

(b) Revaluation Reserve

	2023	2022
	\$	\$
Opening Balance	5,445,570	5,458,570
Revaluation of Property, Plant & Equipment	664,500	-
Reversal of Revaluation on Disposal of Assets	(215,000)	-
Deferred Tax on Revaluation of Buildings	29,400	-
Revaluation of Other Financial Assets	(31,000)	(13,000)
Closing Balance	<u>5,893,470</u>	<u>5,445,570</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 2023 (2022 \$Nil).

Note 14 – Contingent Liabilities and Assets

There were no contingent liabilities (2022 \$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 2023 for TTCF Ltd were \$145,137 (2022 \$157,209).

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 1st October 2019, the Trust entered into a lease of commercial premises for a period of two years, requiring 24 monthly payments of \$958 (including GST). Pursuant to the right of renewals contained in the existing lease, this lease was renewed for two further terms of one year each from 1st October 2021 and 1st October 2022, with a final expiry of 30th September 2023. Payments remain at \$958 (including GST).

Flexigroup

On the 20th 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). The lease expired on the 20th January 2023.

Ricoh

On the 5th 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 15th 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, extension options or termination options, residual value guarantees nor restrictions or covenants.

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 1st January 2026, with a final expiry date of 31st December 2030, therefore the potential future lease payments not included in lease liabilities is \$240,000 (plus GST).

	2023	2022
	\$	\$
Not later than one year	62,763	67,090
Later than one year and no later than five years	83,311	147,721
Later than five years	-	-
	<u>146,074</u>	<u>214,811</u>

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 \$31,842 (2022 \$30,340). There was \$3,950 owing at balance date (2022 \$3,209). Milton Butchery provides meat to the restaurants operated by the Trust.
- Steve Morris being the owner of Steve Morris Joinery with transactions totalling \$1,107 (2022 \$283). There was \$292 (2022 \$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 \$nil (2022 \$50). There was \$nil owing at balance date (2022 \$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 \$565 (2022 \$nil). There was \$210 credit balance at balance date (2022 \$nil). Balclutha Motors Group Ltd provides fuel and vehicle items to the trust.
- Jared McPhee being Director and sole shareholder of McPhee Group Ltd with transactions totalling \$5,000 (2022 nil). There was \$575 owing at balance date (2022 \$nil). McPhee Group Ltd provides a storage facility to the trust.
- Jared McPhee being Director of Tyreland Balclutha Ltd (a wholly owned company of Balclutha Motors Group Ltd), transactions totalling \$nil (2022 \$26). There was \$nil owing at balance date (2022 \$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 \$200 (2022 \$200). There was \$nil owing at balance date (2022 \$nil).
- Shand Thomson Ltd (where Mike Cochrane's spouse is employed) transactions totalling \$35,937 (2022 \$46,326). There was \$9,675 owing at balance date (2022 \$2,645). Shand Thomson Ltd provides accounting services to the trust.

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 \$20,905 (2022 \$18,475). There was \$3,557 (2022 \$2,823) owing at balance date. Balclutha Golf Club purchases liquor from the trust.
- Neville Gardner with transactions totalling \$1,422 (2022 \$2,371). There was \$nil owing at balance date (2022 \$245).
- Mike Curtis with transactions totalling \$122 (2022 \$444). There was \$nil owing at balance date (2022 \$Nil).
- Robert Agnew being a committee member of Toko Golf Club with transactions totalling \$13,719 (2022 \$10,549). There was \$1,653 (2022 \$619) 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 \$1,087 (2022 \$2,203). There was \$94 (2022 \$164) owing at balance date. Balclutha Motors purchases liquor from the trust.
- Jason Lyders being director and shareholder of J Lyders Ltd trading as Lyders Contracting with transactions totalling \$3,058 (2022 \$1,014). There was \$nil (2022 \$522) owing at balance date. J Lyders Ltd purchases liquor from the trust.
- Milton/Bruce RSA (of which Evan Jenkins is a committee member) with transactions totalling \$46,692 (2022 \$35,850). There was \$4,671 owing at balance date (2022 \$3,912). Milton/Bruce RSA purchases liquor from the trust.
- Clutha Rugby Football Club (of which Jared McPhee is a committee member) with transactions totalling \$29,493 (2022 \$9,026). There was \$1,441 owing at balance date (2022 credit balance of \$1,103). Clutha Rugby Football Club purchases liquor from the trust.

- Clutha Development Inc (of which Jared McPhee is a Trustee and on the Executive Committee) transactions totalling \$2,571 (2022 \$678). There was \$1,475 owing at balance date (2022 \$nil).
- Balclutha Round Table (of which Mike Curtis is President and Mike Cochrane is a member) transactions totalling \$2,003 (2022 \$980). There was \$nil owing at balance date (2022 \$Nil).
- Shand Thomson Ltd (where Mike Cochrane's spouse is employed) transactions totalling \$4,115 (2022 \$3,110). There was \$25 owing at balance date (2022 \$25).

Transaction amounts are exclusive of GST and amounts owing include GST. The trust has the Auditor General's approval under the Local Authorities (Members Interests) Act 1968 until 31st March 2023, 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.

	2023 \$	2022 \$
Liquor Licenses		
Cost		
Opening Balance	46,835	43,535
Renewal of Licences	2,475	3,300
Closing Balance	<u>49,310</u>	<u>46,835</u>
Accumulated Amortisation & Impairment		
Losses		
Opening Balance	43,787	41,128
Renewal of Licences	2,017	2,658
Impairment Losses	-	-
Closing Balance	<u>45,803</u>	<u>43,786</u>
Carrying Amount	<u>3,508</u>	<u>3,049</u>
Software Licenses		
Opening Balance	791	791
Software Licenses	-	-
Carrying Amount	<u>791</u>	<u>791</u>

Note 19 – Franchise Commitments

Non-cancellable franchise commitments:

	2023 \$	2022 \$
Not later than one year	29,450	35,400
Later than one year and no later than five years	-	29,450
Later than five years	-	-
	<u>29,450</u>	<u>64,850</u>

Note 20 – Cash & Cash Equivalents

	2023 \$	2022 \$
Bank Accounts	1,363,132	1,139,130
Term Deposits	200,000	500,000
Imprest Accounts & ATM's	65,702	93,271
	<u>1,628,834</u>	<u>1,732,401</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 (2022 \$Nil).

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 and accounts payable 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:

			2023	2022	
Measurement Category			Carrying Amount		
Financial Assets					
Trade & Other Receivables		Amortised Cost	232,367	279,571	
Cash & Cash Equivalents		Amortised Cost	1,628,834	1,732,401	
Other Financial Assets (Short Term Deposits)		Amortised Cost	1,350,000	400,000	
Other Financial Assets (Equity Investments)		Fair value through Other Comprehensive Income	126,500	157,500	
Financial Liabilities					
Trade & Other Payables		Amortised Cost	964,085	910,675	
2023	Financial Assets measured at Fair Value Through Other Comprehensive Income	Financial Assets measured at Amortised Cost	Financial Liabilities measured at Amortised Cost	Total carrying value	Fair value
Financial Assets					
		232,367		232,367	232,367
		1,628,834		1,628,834	1,628,834
		1,350,000		1,350,000	1,350,000
	126,500			126,500	126,500
Financial Liabilities					
			964,085	964,085	964,085

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

			2023 \$	2022 \$
Tax 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			64,180	(485,867)
Income Tax Expense Calculated at 28%			17,970	(136,043)
Permanent Differences			-	-
Deferred Taxation Adjustment			28,447	18,933
Taxation Expenses			<u>46,417</u>	<u>(117,110)</u>
Analysis of Taxation Expenses				
Current Taxation			78,548	61,698
Deferred Taxation			(32,131)	(178,808)
			<u>46,417</u>	<u>(117,110)</u>
Deferred Tax Liability				
	Opening Balance	Charged to Income	Charged to Other Comprehensive Income	Closing Balance
	\$	\$	\$	\$
2023				
Property, Plant and Equipment	1,122,912	(218,121)	127,400	1,032,191
Lease Commitments	(58,031)	17,130	-	(40,900)
Employee Entitlements	(80,120)	12,059	-	(68,061)
	<u>984,761</u>	<u>(188,932)</u>	<u>127,400</u>	<u>923,230</u>
2022				
Property, Plant and Equipment	1,305,315	(182,403)	-	1,122,912
Lease Commitments	(79,481)	21,450)	-	(58,031)
Employee Entitlements	(62,264)	(17,856)	-	(80,120)
	<u>1,163,570</u>	<u>(178,809)</u>	<u>-</u>	<u>984,762</u>
Taxation Provision				
Opening Balance			3,578	(4,886)
Plus				
Tax Refunded			1,473	-
Current Taxation			78,548	61,698
			<u>80,021</u>	<u>61,698</u>
Less			83,599	56,812
Taxation Paid			46,932	51,366
Resident Withholding Tax			8,656	1,868
			<u>55,588</u>	<u>53,234</u>
Closing Balance			<u>28,011</u>	<u>3,578</u>

Note 29 – Property, Plant & Equipment

An independent valuation of the Trust's land and buildings was performed by Colliers (Joe Chapman B.Com VPM MPINZ) an independent registered valuer on 31st March 2023.

The valuation concluded that the market value of land was \$1,605,000 and improvements \$4,525,000; a total market value of \$6,130,000. This has resulted in an upwards revaluation of \$664,500 which is reflected in other comprehensive income.

The valuation also concluded that given market evidence, current economic conditions, the high proportion of domestic clientele and historic and current trading records, there was no impairment consideration required for the 31 March 2023 year.

Note 29 – Property, Plant & Equipment (continued)

	Cost/ Valuation	Accumulated Depreciation & Impairment	Carrying Amount	Current Year Additions	Current Year Assets included in a Disposal Group Classified as Held for Sale & Other Disposals	Current Year Disposals	Current Year Impairment Charges	Current Year Depreciation Expense	Revaluation Surplus	Reversal of Prior Revaluation on Assets Held for Disposal	Cost Revaluation	Accumulated Depreciation & Impairment	Accumulated Carrying Amount
2022	31 Mar 2021 \$000	31 Mar 2021 \$000	31 Mar 2021 \$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	31 Mar 2022 \$000	31 Mar 2022 \$000	31 Mar 2022 \$000
Land	1,855	-	1,855	-	250	-	-	-	-	-	1,755	-	1,855
Buildings	6,193	410	5,783	4	696	-	-	713	-	-	6,297	1,123	5,074
Leasehold Imprvmts	218	152	66	2	-	-	-	10	-	-	220	162	58
Carpet & Vinyl	233	217	16	-	-	-	-	1	-	-	233	218	15
Furniture & Fittings	1,144	1,044	100	5	4	-	-	22	-	-	1,149	1,066	83
Office Equipment	476	457	19	4	-	-	-	9	-	-	480	466	14
Right of Use Assets	341	57	284	20	-	-	-	97	-	-	361	154	207
Plant	2,116	1,897	219	63	10	-	-	39	-	-	2,179	1,936	243
Vehicles	532	343	189	81	1	-	-	28	-	-	613	371	242
Linen & Crockery	96	96	-	-	-	-	-	-	-	-	96	96	-
	\$13,204	\$4,673	\$8,531	\$179	\$961	\$-	\$-	\$919	\$-	\$-	\$13,383	\$5,592	\$7,791
2023	31 Mar 2022 \$000	31 Mar 2022 \$000	31 Mar 2022 \$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	31 Mar 2023 \$000	31 Mar 2023 \$000	31 Mar 2023 \$000
Land	1,855	-	1,855	-	-	245	-	-	105	215	1,605	-	1,605
Buildings	6,197	1,123	5,074	-	-	888	-	324	560	-	5,972	1,447	4,525
Leasehold Imprvmts	220	162	58	-	-	-	-	10	-	-	220	172	49
Carpet & Vinyl	233	218	15	-	-	-	-	1	-	-	233	219	15
Furniture & Fittings	1,149	1,066	83	-	-	8	-	21	-	-	1,143	1,087	56
Office Equipment	480	466	14	20	-	-	-	13	-	-	500	479	20
Right of Use Assets	361	154	207	30	-	-	-	75	-	-	390	229	161
Plant	2,179	1,936	243	40	-	23	-	37	-	-	2,206	1,973	233
Vehicles	613	371	242	3	-	4	-	30	-	-	616	401	215
Linen & Crockery	96	96	-	-	-	-	-	-	-	-	96	96	-
	\$13,383	\$5,592	\$7,791	\$93	\$-	\$1,169	\$-	\$511	\$665	\$215	\$12,982	\$6,103	\$6,879