

WIRI LICENSING TRUST

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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WIRI LICENSING TRUST

TRUST DIRECTORY


FOR THE YEAR ENDED 31 MARCH 2012

Settlement:	1972
IRD Number:	013-582-076
Nature of Business:	Bar, Gaming & Commercial Rental
Location of Business:	254 Roscommon Road Wiri AUCKLAND
Trustees:	R McLean A Johnson – Chairperson A Dalton – Deputy Chairperson D Newman K Penney P Kingsley Jones
Bankers:	ASB Bank Property Finance Unit
Solicitors:	Kemps Lawyers Central Park
Chartered Accountants:	Williamson & Co Chartered Accountants Limited 61 Edinburgh Street Pukekohe AUCKLAND Phone No: (09) 237 0021
Auditors	Audit New Zealand For and behalf of the Auditor General

WIRI LICENSING TRUST

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2012

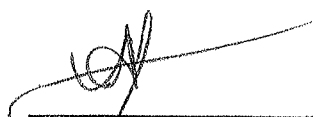
	Note	2012	2011
CURRENT ASSETS			
Cash & Cash Equivalents	<u>7</u>	128,947	147,941
Prepayments		-	-
Debtors & Other Receivables	<u>8</u>	14,000	12,309
Inventory	<u>9</u>	24,761	19,069
		<u>167,708</u>	<u>179,319</u>
NON CURRENT ASSETS			
Property Plant & Equipment	<u>11</u>	2,831,197	1,694,164
Investment Property	<u>10</u>	15,500,000	14,660,000
Intangible Assets	<u>12</u>	81	184
		<u>18,331,278</u>	<u>16,354,348</u>
TOTAL ASSETS		<u><u>\$18,498,986</u></u>	<u><u>\$16,533,667</u></u>
CURRENT LIABILITIES			
Creditors & Other Payables	<u>13</u>	290,960	267,784
Taxation	<u>17</u>	32,344	21,348
Income received in advance		49,690	49,690
Borrowings	<u>14</u>	312,174	206,789
		<u>685,168</u>	<u>545,611</u>
NON CURRENT LIABILITIES			
Borrowings	<u>14</u>	1,686,799	774,677
		<u>1,686,799</u>	<u>774,677</u>
TRUST EQUITY AND RESERVES			
Trust Equity	<u>15</u>	15,558,065	14,644,415
Asset Revaluation Reserve	<u>15</u>	568,964	568,964
		<u>16,127,029</u>	<u>15,213,379</u>
TOTAL EQUITY & LIABILITIES		<u><u>\$18,498,996</u></u>	<u><u>\$16,533,667</u></u>



A Dalton

2/7/2012

Date



A Johnson - Chairperson

2/7/2012

Date

WIRI LICENSING TRUST

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2012

	2012	2011
Equity at Start of Year	15,213,379	15,500,588
Comprehensive Income		
Surplus/(Deficit)	<u>913,650</u>	<u>-287,209</u>
Total Comprehensive Income	913,650	-287,209
TOTAL EQUITY AND RESERVES AT END OF YEAR	<u><u>\$16,127,029</u></u>	<u><u>\$15,213,379</u></u>

WIRI LICENSING TRUST

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2012**

	<i>Note</i>	2012	2011
<i>INCOME</i>			
Bar & Wholesale Sales		410,849	348,957
Gaming Machine Site Rental		321,376	317,781
Rental Income		1,001,128	998,355
Other Operating Income	<u>2</u>	16,088	15,177
Other Income	<u>2</u>	1,000	668
Investment Property Revaluation Gain		840,000	-
		<u>2,590,442</u>	<u>1,680,938</u>
<i>EXPENDITURE</i>			
Cost of Sales		254,008	268,793
Personnel Costs	<u>3</u>	471,303	371,565
Depreciation & Amortisation	<u>11</u> <u>12</u>	67,474	56,516
Other Expenses	<u>6</u>	768,779	873,190
Finance Costs	<u>4</u>	74,863	65,348
Investment Property Revaluation Loss		-	320,000
		<u>1,636,427</u>	<u>1,955,412</u>
<i>PROFIT/(LOSS) BEFORE TAX</i>		<u>954,015</u>	<u>-274,474</u>
Income Tax Expense		40,365	12,735
<i>PROFIT/(LOSS) AFTER TAX</i>		<u>913,650</u>	<u>-287,209</u>
<i>TOTAL COMPREHENSIVE INCOME</i>		<u>913,650</u>	<u>-287,209</u>

WIRI LICENSING TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1 STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

These are the financial statements of Wiri Licensing Trust. Wiri Licensing Trust is a Licensing Trust constituted under and governed by the Sale of Liquor Act 1989 and domiciled in New Zealand.

The financial statements are of a single trust which has been designated a profit orientated entity for the purpose of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). The objective of the Trust is to maximise profits from its tavern & property portfolio to enable it to distribute as much funds as sustainably possible to its community. The trust owns commercial property at 639 Great South Road Manukau City, a Tavern trading as 'Our Local' situated at 254 Roscommon Road Wiri and a Tavern trading as 'Trusty Fullback' situated at Station Road Manurewa.

The financial statements are for the year ended 31 March 2012.

Basis of Preparation

Statement of Compliance

These financial statements have been prepared in accordance with Generally Accepted Practice in New Zealand. They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit oriented entities.

Measurement Base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings and investment property.

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Trust is New Zealand dollars.

Differential Reporting

The Trust is a qualifying entity for differential reporting purposes. The grounds on which the Trust qualifies are that it is not publicly accountable within the meaning of the Framework for Differential Reporting and it is not large as the Trust has less than 50 employees and total revenue is less than \$20 million for the year. The Trust has taken advantage of all differential reporting exemptions available to it.

Changes in accounting policy

There have been no specific changes in accounting policies and they have been applied on a consistent basis with those of the previous period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

Significant Accounting Policies

Revenue

Revenue comprises the fair value for the sale of goods and services, excluding Goods and Services Tax and discounts. Revenue is recognised as follows:

Sales of Goods

Sales of Goods are recognised when the Trust has delivered a product to the customer. Retail sales are usually in cash or by EFTPOS. The recorded revenue is the gross amount of the sale.

Rental Income

Rental income is recognised on a straight line basis over the lease term.

Income Tax

The income tax expense recognised for the year is calculated using the taxes payable method and is determined using tax rules. Under the taxes payable method, income tax expense in respect of the current period is equal to the income tax payable for the same period.

Goods and Services Tax

The Statement of Comprehensive Income has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST with the exception of receivables and payables, which include GST invoiced.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. Cost is determined on a first in, first out basis.

Critical Accounting estimates and assumptions

In preparing these financial statements the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

Property Plant and Equipment useful lives and residual values

At each balance date the Trust reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Trust to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Trust, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life of residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the statement of comprehensive income and carrying amount of the asset in the statement of financial position. The Trust minimises the risk of this estimation uncertainty by:

- Physical inspection of assets;
- Asset replacement programs
- Review of second hand market prices for similar assets; and
- Analysis of prior asset sales.

The Trust has not made significant changes to past assumptions concerning useful lives and residual values. The carrying amounts of property, plant and equipment are disclosed in note 11.

Property, Plant and Equipment

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of them can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of comprehensive income. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Depreciation

Depreciation of property, plant and equipment is calculated using diminishing income tax value. The rates are as follows:

Buildings – Roscommon Rd	4% DV Depreciated using remaining useful life
Buildings – Great South Rd	4% DV Depreciated using remaining useful life
Plant & Equipment	7.5 - 60% DV Depreciated using DV income tax value
Fixtures, Fittings & Office Equipment	7.5 - 48% DV
Motor Vehicles	36% DV

WIRI LICENSING TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

Revaluation

Operational land & buildings are revalued on a three yearly valuation cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are assessed annually by independent valuers to ensure that they do not differ materially from fair value. If there is evidence supporting a material difference, then the asset is revalued.

Operational land & buildings are valued at fair value as determined from market-based evidence by an independent valuer. Assumptions include willing buyer/seller and a reasonable period within which to negotiate a sale. The method of valuation is land value due to site location, its good condition and the performance of the bar operation. The most recent valuation was performed by K G Stevenson for Seagar & Partners at 31 March 2010.

Investment Properties

Investment Properties Land and Buildings are valued annually at fair value. The valuation was carried out by K G Stevenson for Seagar & Partners at 31 March 2012. Gains or losses arising from the fair value of Investment Properties are recorded in the Surplus or Deficit.

Intangible Assets

Software Costs

Software costs have a finite useful life. They are capitalised and written off over the useful economic life of 2 – 5 years. Costs associated with developing or maintaining computer software programs are recognised as an expense when incurred.

Impairment of Intangible Assets

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

The value in use for cash generating assets is the present value of expected future cash flows.

If an assets carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised in other comprehensive income to the extent the impairment loss does not exceed the amount in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive income and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the surplus or deficit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Trust prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Trust has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Employee Benefits

Employee Benefits that the Trust expected 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 wages and salaries accrued up to balance date, annual leave earned to, but not taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

Sick leave, annual leave, vested long service leave, non vested long service leave and retirement gratuities expected to be settled within 12 months of the balance date, are classified as a current liability. All other employee benefits are classified as a non current liability.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components. The components are:

General Trust Equity

Asset Revaluation Reserves

WIRI LICENSING TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

2 INCOME	2012	2011
Other Operating Income		
Rebates	936	2,027
Games, Cigarettes, Other Income	15,152	13,150
	<u>16,088</u>	<u>15,177</u>
Other Income	2012	2011
Dividends Received	677	668
Profit on Disposal of Plant & Equipment	323	-
	<u>1,000</u>	<u>668</u>
3 PERSONNEL COSTS	2012	2011
General Wages and Salaries	439,911	351,844
Increase in Employee Benefits	31,391	19,722
	<u>471,303</u>	<u>371,566</u>
4 FINANCE COSTS	2012	2011
Interest on borrowings	74,863	65,348
	<u>74,863</u>	<u>65,348</u>
5 BOARD MEMBER REMUNERATION	2012	2011
R McLean	2,400	2,640
H Pender	-	3,120
T Van der Laan	-	2,640
A Johnson	21,000	12,023
W Emery	-	12,371
P Kingsley Jones	2,880	-
M Pahulu	-	2,880
D Newman	3,120	1,680
K Penney	3,120	2,160
A Dalton	3,120	2,160
	<u>35,640</u>	<u>41,674</u>

Trustees are paid \$240 each for attendance to each board meeting. The Chairperson receives an honorarium of \$21,000 per annum. Trustees are considered the only key management personnel of the Trust.

WIRI LICENSING TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

6 OTHER EXPENSES	Note	2012	2011
Auditors Remuneration		39,138	32,220
Donations and Koha		-	-
Professional Fees		128,410	37,469
Repairs and Maintenance		83,116	104,520
Sponsorship		79,681	162,501
Key Management Personnel	5	35,640	41,673
Other Expenses		402,794	494,808
		<u>768,779</u>	<u>873,191</u>

7 CASH AND CASH EQUIVALENTS		2011
Cash Floats	60,464	54,097
ASB Our Local Account	15,033	25,462
ASB Playaz Account	1,480	17,384
Undeposited Funds	11,332	7,343
Playaz Gaming	23,981	23,189
WLT Local Gaming	16,656	20,466
ASB Wiri Trust Account (see Note 14)	-	-
	<u>128,947</u>	<u>147,941</u>

8 TRADE AND OTHER RECEIVABLES	2012	2011
Trade Debtors	12,826	11,135
Bonds	1,174	1,174
	<u>14,000</u>	<u>12,309</u>

The Bonds are security deposits lodged with suppliers as part of their terms of trade

9 INVENTORY	2012	2011
Alcohol, Food & Merchandise	24,761	19,069
	<u>24,761</u>	<u>19,069</u>

WIRI LICENSING TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

<i>10 INVESTMENT PROPERTY</i>	<i>2012</i>	<i>2011</i>
Opening Fair Value Land and Buildings	14,660,000	14,980,000
Revaluation Increase	840,000	-320,000
	<u>15,500,000</u>	<u>14,660,000</u>

Investment Properties are valued annually effective at 31 March to fair value. The valuation was performed by Registered Valuers, Seagar & Partners (Manukau) Ltd, at 31 March 2012. Seagar & Partners (Manukau) Ltd is an experienced valuer with extensive market knowledge in the types and location of investment properties owned by Wiri Licensing Trust.

	<i>2012</i>	<i>2011</i>
Rental Income	987,372	998,355
Expenses from Investment Property generating income	117,230	140,050
Contractual obligations for capital expenditure	-	-
Contractual obligations for operating expenditure	-	-

Leases

Assets leased to third parties under operating leases are included in investment properties in the Statement of Financial Position. They are revalued annually to determine fair value. The trust has operating lease for the Manukau property at 639 Great South Road Manukau City as follows:

Areas A and B

Mobil Oil (NZ) Ltd – Expires 30th June 2012.

Area C

BNZ Branch Properties Ltd – Expires 17th December 2017.

Area D

Common access way. The costs are shared with Lion Liquor Retail and Wiri Licensing Trust.

Area E

Lion Liquor Retail. Sublet to JD's Bar, Super Liquor Manukau and Supre. Expires 29 June 2012.

Area F

Lion Liquor Retail. Sublet to Platinum Hospitality Ltd – Expires 30 June 2012.

Area G

Common Parking area. The costs are shared with Lion Liquor Retail and Wiri Licensing Trust.

Area H

Vacant Land. These costs are absorbed by Wiri Licensing Trust.

Area W

Wendco (NZ) Ltd. Twenty year lease expires 10 April 2021.

WIRI LICENSING TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012

11 PROPERTY PLANT AND EQUIPMENT

2012	Cost/ Valuation	Accumulated Depn and impairment changes	Carrying Amount	Current Year			Revaluation	Cost/ Valuation	Accumulated Depn	Carrying Amount
				Disposals	Depn	Depn				
Office Equipment – Trusty Fullback	1,040	520	520	-	207	-	1,040	728	312	
Fixtures & Fittings – Trusty Fullback	50,725	10,118	40,607	-	4,969	-	50,725	15,088	35,637	
Plant & Equipment – Trusty Fullback	39,915	6,737	33,178	-	10,016	-	39,915	16,754	23,161	
Roscommon Road	1,530,000	19,800	1,510,200	-	19,005	-	1,530,000	38,805	1,491,195	
Plant & Equipment – Our Local	287,129	210,481	76,648	4,480	68	15,464	289,867	224,272	65,595	
Motor Vehicles – at Cost	23,212	18,770	4,442	-	1,598	-	23,212	20,369	2,843	
Office Furniture & Equipment – Our Local	84,465	56,175	28,290	-	4,593	-	84,465	60,769	23,696	
26/185 Great South Road Manurewa	-	-	-	1,200,000	-	11,381	1,200,000	11,381	1,188,619	
Computer Equipment – at Cost	704	426	278	-	138	-	704	565	139	
	2,017,190	323,027	1,694,163	1,204,480	68	67,371	3,219,928	388,731	2,831,197	

11 PROPERTY PLANT AND EQUIPMENT

2011	Cost/ Valuation	Accumulated Depn and impairment changes	Carrying Amount	Current Year			Revaluation	Cost/ Valuation	Accumulated Depn	Carrying Amount
				Disposals	Depn	Depn				
Office Equipment – Trusty Fullback	1,040	173	867	-	347	-	1,040	520	520	
Fixtures & Fittings – Trusty Fullback	48,460	4,880	43,580	2,265	5,238	-	50,725	10,118	40,607	
Plant & Equipment – Trusty Fullback	19,351	2,246	17,105	25,360	4,467	4,820	39,915	6,737	33,178	
Roscommon Road	1,530,000	-	1,530,000	-	19,800	-	1,530,000	19,800	1,510,200	
Plant & Equipment – Our Local	350,060	265,821	84,239	19,881	9,855	17,617	287,129	210,481	76,648	
Motor Vehicles – at Cost	23,212	16,271	6,941	-	2,499	-	23,212	18,770	4,442	
Office Furniture & Equipment – Our Local	92,420	55,042	37,378	-	3,415	5,673	84,465	56,175	28,290	
Computer Equipment – at Cost	704	147	557	-	279	-	704	426	278	
	2,065,247	344,580	1,720,667	47,506	17,737	56,273	2,017,190	323,027	1,694,163	

VALUATION

Land and Buildings

Land and Buildings are valued at fair value using market based evidence based on its highest and best use with reference to comparable land and buildings values. The most recent valuation of land was performed by a registered independent valuer, Seagar & Partners (Manukau) Ltd, and the valuation is effective as at 31 March 2010. The total fair value of property, plant and equipment valued by Seagar & Partners (Manukau) Ltd at 31 March 2010 totalled \$1,510,000.

WIRI LICENSING TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

12 INTANGIBLE ASSETS	2012	2011
Computer Software		
Original Cost	2,838	2,838
Accumulated Amortisation	2,654	2,411
Current Year Amortisation	103	243
	<u>2,757</u>	<u>2,654</u>
 Closing Balance Computer Software	 <u>81</u>	 <u>184</u>
 13 TRADE AND OTHER PAYABLES	 2012	 2011
Trade Creditors	117,302	119,629
Nautilus	22,357	30,790
The Trusts Charitable Foundation	14,870	13,808
Accruals	116,753	99,438
GST Payable	17,940	4,119
Loyalty Points Redeemable	1,740	-
	<u>290,960</u>	<u>267,784</u>
 14 BORROWINGS	 2012	 2011
Non Current		
ASB Commercial Loan 9	674,517	828,822
ASB Commercial Loan 10	100,000	100,000
VTM Trust	1,175,000	-
Less: Current Portion of Non Current Liabilities	-262,719	-154,145
Total Term Liabilities	<u>\$1,686,799</u>	<u>\$774,677</u>
Current		
ASB Wiri Trust Account	49,455	52,644
Term Loans	262,719	154,145
	<u>\$312,174</u>	<u>\$206,789</u>

WIRI LICENSING TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

Commercial Term Loan 9 - \$853,771 from 17 December 2010, to refinance ASB term loans that were outstanding.

Term:44 months from 1 February 2011.

Interest Rate: Variable – Currently 5.31%

Commercial Term Loan 10 - \$100,000 from 17 December 2010, to refinance ASB term loans that were outstanding.

Term:Interest only, principle to be full repaid in 44 months from 1 February 2011.

Interest Rate: Variable – Currently 5.31%

Deed of assignment of all leases, for the Trust Property 639 Great South Road Manukau.

A first registered all obligations mortgage over the property 639 Great South Road Manukau, being the land comprised in the certificate of title 25A/65 Lot 27 DP 68770

A first registered all obligations mortgage over the property 254 Roscommon Road Manukau, being the land comprised in the certificate of title 108C/627 Lot DP 176526

Vendor Finance Loan VTM Trust - \$1,200,000 from 1 Dec 2011, to purchase Trusy Fullback building.

Term: 7 years from 1 December 2011.

15 EQUITY

General Trust Equity	2012	2011
Opening Balance	14,644,415	14,931,624
Profit / Deficit for year	913,650	-287,209
	<u>15,558,065</u>	<u>14,644,415</u>
Asset Revaluation Reserve		
Opening Balance	568,964	568,964
Property Revaluation Gain/(Loss) for year	-	-
Closing Balance	<u>568,964</u>	<u>568,964</u>
Total Equity	<u>16,127,029</u>	<u>15,213,379</u>

WIRI LICENSING TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

16 CONTINGENCIES

On April 2004 the Trust entered into a Deed of Settlement with Auckland City Council (formally Manukau City Council). It was agreed that the Trust is indebted to the Council for 50% of the market value of its investment properties, being areas A to H and W.

However the Council agreed to forebear from making demand for repayment unless the Trust defaults by:

Borrowing, secured by first mortgage secured on the land, an amount of more than 50% of the current market value of the land.

Winding up the Trust or appointing a provisional liquidator or statutory manager for the Trust.

Selling all or part of the land without the Council's written consent.

Failing to meet a payment or obligation under the Deed of Settlement and fails to remedy the breach within 21 days of notice from the Council. This contingency is calculated to be \$7,750,000 being 50% of the market value as recorded in the Statement of Financial Position.

As part of the lease arrangements entered into by the Trust as lessor, the trust may have obligations to pay a goodwill payment to leasees at the end of the lease term.

17 TAXATION	2012	2011
<i>Net Profit/(Deficit)</i>	954,015	-274,474
Taxation @ 28% (2011 30%)	267,124	-82,342
<i>Plus/(Less) Tax effect of:</i>		
Non deductible expenditure	604	96,084
Non accessible income	- 235,476	-485
Depreciation Adjustment	3,229	-5,261
Employee Benefits	5,501	4,739
Prior Year Assessment Adjustment	- 617	-
<i>Tax Expense</i>	40,365	12,735
<i>Less</i>		
Resident Withholding Tax Paid	37	28
Provisional Tax Paid	8,603	19,694
Prior Year Terminal Tax Due	-	-28,336
Prior Period Assessment Adjustment	- 617	-
Tax Payable per Statement of Financial Position	32,342	21,349
Current Tax	40,982	12,735
Prior Year Adjustment to Current Tax	- 617	-

WIRI LICENSING TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

18 GUARANTEES

At balance date guarantees totalling \$30,550 had been entered into with the following suppliers and arranged with the ASB Bank as follows:

	2012	2011
Westpac Payroll Letter of Credit	\$30,550	\$30,550

19 COMMITMENTS

Operating Leases as lessee

The Trust leases property plant & equipment in the normal course of its business. The future aggregate minimum lease payments payable under non-cancellable operating lease are as follows:

Leased Asset

2012 Operating Commitments	< 1 Year	1 – 2 Years	2 – 5 Years	> 5 Years	Total
Trusty Fullback Bar Lease – VTM Trust	-	-	-	-	-
Trusty Fullback Bar Body Corp - Livingstones	32,884	32,884	98,652	41,105	205,525
Our Local Photocopier - MARAC Finance	1,620	1,620	2,835	-	6,075
2011 Operating Commitments	< 1 Year	1 – 2 Years	2 – 5 Years	> 5 Years	Total
Trusty Fullback Bar Lease – VTM Trust	100,000	100,000	300,000	225,000	725,000
Trusty Fullback Bar Body Corp - Livingstones	32,884	32,884	98,652	73,989	238,409

WIRI LICENSING TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

20 RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties during the year:

Chairperson Alan Johnson

Manurewa Rugby League Football Sports Club –Treasurer

Trustee Ken Penny

Manurewa Rugby Club - Life Member

Wiri Licensing Trust

Auckland City Council

The following related party transactions were in the form of sponsorship or donations from the Trust:

	2012	2011
Te Wharekura O Manurewa	-	500
Manurewa Rugby Club	11,660	-
Manurewa Rugby League Club	10,000	18,000
Alfriston College Premier Netball Team	-	444
	<u>21,660</u>	<u>18,944</u>

The following related party transactions were in the form of rates payments from the Trust:

	2012	2011
Auckland City Council	95,284	51,284
Auckland Regional Council	-	18,738
Manukau City Council	-	17,015
	<u>95,284</u>	<u>87,037</u>

21 SUBSEQUENT EVENTS

The trust has refinanced through ASB, with the new loan drawn in April 2012, to repay existing ASB Loan 9 & 10 and the overdraft.

WIRI LICENSING TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

22 FINANCIAL INSTRUMENTS

The accounting policies for financial instruments have been applied to the line items below:

FINANCIAL ASSETS	2012	2011
Loans and receivables		
Cash and cash equivalents	128,947	147,941
Debtors and other receivables	14,000	12,309
	<u>142,947</u>	<u>160,250</u>
FINANCIAL LIABILITIES	2012	2011
Financial Liabilities at amortised cost		
Creditors and other payables	323,305	289,132
Secured loans	1,998,972	981,466
Income in Advance	49,690	49,690
	<u>2,371,967</u>	<u>1,320,288</u>