

WIRI LICENSING TRUST

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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WIRI LICENSING TRUST

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Settlement:	1972
IRD Number:	013-582-076
Nature of Business:	Bar, Gaming & Commercial Rental
Location of Business:	254 Roscommon Road Wiri AUCKLAND
Trustees:	A Johnson – Chairperson S Cattle – Deputy Chairperson - From Oct 2013 R McLean K Penney D White - From Oct 2013 G Dalton - From Oct 2013 A Dalton - Retired Sept 2013 P Kingsley Jones - Retired Sept 2013
Bankers:	ASB Bank Property Finance Unit
Solicitors:	Kempsweir Lawyers Central Park Greenlane AUCKLAND
Chartered Accountants:	Williamson & Co Chartered Accountants Limited 61 Edinburgh Street Pukekohe AUCKLAND Phone No: (09) 237 0021
Auditors	Audit New Zealand For and on behalf of the Auditor General

WIRI LICENSING TRUST

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	2014	2013
<i>CURRENT ASSETS</i>			
Cash & Cash Equivalents	<u>7</u>	46,980	166,161
Debtors & Other Receivables	<u>8</u>	38,268	24,328
Inventory	<u>9</u>	15,578	16,975
Taxation	<u>17</u>	11,113	-
		<u>111,939</u>	<u>207,464</u>
<i>NON CURRENT ASSETS</i>			
Property Plant & Equipment	<u>11</u>	1,781,445	1,623,718
Investment Property	<u>10</u>	17,355,000	16,950,000
Intangible Assets	<u>12</u>	16	36
		<u>19,136,461</u>	<u>18,573,754</u>
<i>TOTAL ASSETS</i>		<u>\$19,248,400</u>	<u>\$18,781,218</u>
<i>CURRENT LIABILITIES</i>			
Creditors & Other Payables	<u>13</u>	351,425	185,300
Taxation	<u>17</u>	-	24,225
Income received in advance		32,628	30,337
Borrowings	<u>14</u>	1,343,942	100,000
		<u>1,727,995</u>	<u>339,862</u>
<i>NON CURRENT LIABILITIES</i>			
Borrowings	<u>14</u>	875,000	2,030,000
		<u>875,000</u>	<u>2,030,000</u>
<i>TRUST EQUITY AND RESERVES</i>			
Trust Equity	<u>15</u>	15,881,871	15,842,391
Asset Revaluation Reserve	<u>15</u>	763,535	568,964
		<u>16,645,406</u>	<u>16,411,355</u>
<i>TOTAL EQUITY & LIABILITIES</i>		<u>\$19,248,401</u>	<u>\$18,781,217</u>

A Johnson - Chairperson

Date

K Penney

Date

WIRI LICENSING TRUST

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 STATEMENT OF CHANGES IN EQUITY

	2014	2013
Equity at Start of Year	16,411,355	16,127,019
Comprehensive Income		
Surplus/(Deficit)	39,480	284,336
Other Comprehensive Income	194,571	-
Total Comprehensive Income	<u>234,051</u>	<u>284,336</u>
TOTAL EQUITY & RESERVES AT END OF YEAR	<u>16,645,406</u>	<u>16,411,355</u>

WIRI LICENSING TRUST

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	2014	2013
<i>INCOME</i>			
Bar & Wholesale Sales		417,206	428,860
Gaming Machine Site Rental		157,565	239,404
Rental Income		881,875	991,378
Other Operating Income	<u>2</u>	1,747	23,408
Other Income	<u>2</u>	1,340	7803
Investment Property Revaluation Gain	<u>10</u>	-	250,000
		<u>1,459,733</u>	<u>1,940,853</u>
<i>EXPENDITURE</i>			
Cost of Sales		169,495	174,829
Personnel Costs	<u>3</u>	435,388	473,966
Depreciation & Amortisation	<u>11</u> <u>12</u>	48,982	47,964
Other Expenses	<u>6</u>	589,433	816,328
Finance Costs		143,533	117,806
Investment Property Revaluation Loss	<u>10</u>	3,593	-
		<u>1,390,424</u>	<u>1,630,893</u>
<i>PROFIT/(LOSS) BEFORE TAX</i>		<u>69,309</u>	<u>309,960</u>
Income Tax Expense	<u>17</u>	29,829	25,624
<i>PROFIT/(LOSS) AFTER TAX</i>		<u>39,480</u>	<u>284,336</u>
<i>OTHER COMPREHENSIVE INCOME</i>			
Gain/(Loss) on Property Revaluation		194,571	-
<i>TOTAL COMPREHENSIVE INCOME</i>		<u>234,051</u>	<u>284,336</u>

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2014

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 & 185-187 Great South Road Manurewa. They also own a Tavern trading as 'Our Local' situated at 254 Roscommon Road Wiri.

The financial statements are for the year ended 31 March 2014.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Trust has determined that it is a 'tier three' entity. This is because it is not publically accountable and is not large. This means that the Trust can continue to apply NZ IFRS differential reporting for these financial statements, and the Trust has chosen to do this. The Trust will be required to move to 'tier two' and apply the new NZ IFRS Reduced Disclosure Regime for the 2015/16 accounts at the latest, and can decide to move to this regime earlier. The Trust has elected to delay adoption of revisions to NZ IFRS13 Fair Value Measurement until the Trust moves to 'tier two'.

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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2014

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:

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2014

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
Plant & Equipment	7.5 - 60% DV Depreciated using DV income tax value
Fixtures, Fittings & Office Equipment	7.5 - 48% DV
Motor Vehicles	36% DV

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2014

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/less impairment. 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 market value due to site location, its good condition and the performance of the bar operation. The most recent valuation was performed by Mike Clark for Seagar & Partners at 31 March 2014.

Investment Properties

Investment Properties Land and Buildings are valued annually at fair value. The valuation was carried out by Mike Clark for Seagar & Partners at 31 March 2014. 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 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 of 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.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2014

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 2014

2 INCOME	2014	2013
Other Operating Income		
Rebates	1,098	-
Games, Cigarettes, Other Income	649	23,408
	<u>1,747</u>	<u>23,408</u>

Other Income	2014	2013
Dividends Received	1,189	343
Interest Received	151	-
Profit on Disposal of Plant & Equipment	-	7,460
	<u>1,340</u>	<u>7,803</u>

3 PERSONNEL COSTS	2014	2013
General Wages and Salaries	435,103	478,991
Increase (Decrease) in Employee Benefits	285	-5,025
	<u>435,388</u>	<u>473,966</u>

4 KEY MANAGEMENT PERSONNEL	2014	2013
A Johnson - Chairperson	21,000	21,000
R McLean - Trustee	2,580	2,880
K Penney - Trustee	2,280	2,640
P Kingsley Jones - Trustee (Retired Sept 2013)	720	2,400
A Dalton - Trustee (Retired Sept 2013)	1,440	2,400
D Newman - Trustee	-	2,160
S Cattle - Deputy Chair	1,980	-
D White - Trustee	1,440	-
G Dalton - Trustee	1,680	-
	<u>33,120</u>	<u>33,480</u>

Up until September 2013 Trustees were paid \$240 each for attendance to each board meeting. At the October Board meeting a resolution was passed to increase this amount to \$300. The Chairperson receives an honorarium of \$21,000 per annum. The General Manager is also considered a key management personnel.

5 EMPLOYEE REMUNERATION	2014	2013
Total remuneration paid or payable:		
\$120,000 - \$129,999	-	1
\$130,000 - \$139,999	1	-
	<u>1</u>	<u>1</u>

WIRI LICENSING TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

6 OTHER EXPENSES	Note	2014	2013
Auditors Remuneration		25,000	34,555
Lease Termination Expenses		-	173,000
Professional and Legal Fees		96,975	63,030
Repairs and Maintenance		65,385	112,100
Sponsorship		12,256	8,409
Board Member Remuneration	4	33,120	33,480
Other Expenses		356,698	391,754
		<u>589,433</u>	<u>816,328</u>

7 CASH AND CASH EQUIVALENTS	2014	2013
Cash Floats	29,279	28,783
Undeposited Funds	-	11,938
WLT Local Gaming	17,701	17,856
ASB Wiri Trust Account	-	107,584
	<u>46,980</u>	<u>166,161</u>

8 TRADE AND OTHER RECEIVABLES	2014	2013
Trade Debtors	3,042	21,718
Prepayments	12,484	1,436
Bonds	1,174	1,174
GST Receivable	21,568	-
	<u>38,268</u>	<u>24,328</u>

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

9 INVENTORY	2014	2013
Alcohol, Food & Merchandise	15,578	16,975
	<u>15,578</u>	<u>16,975</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

10 INVESTMENT PROPERTY	2014	2013
Opening Fair Value Land and Buildings	16,950,000	15,500,000
Additions	408,593	-
Transfer to Investment Property	-	1,200,000
Revaluation Decrease	-3,593	250,000
	<u>17,355,000</u>	<u>16,950,000</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 2014. 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.

	2014	2013
Investment Property generating income	881,875	1,008,878
Expenses from Investment Property generating income	276,376	382,722
Contractual obligations for capital expenditure	2,691,000	-
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 leases for 639 Great South Road Manukau, & 185-187 Great South Road Manurewa as follows:

639 Great South Road Manukau - Area A & B

Currently under development

639 Great South Road Manukau - Area C

BNZ Branch Properties Ltd – Expires 17th December 2017.

639 Great South Road Manukau - Area D

Common access way. The costs are shared with NZ Liquor Merchants and Wiri Licensing Trust.

639 Great South Road Manukau - Area E

NZ Liquor Mechants Ltd - Fixed Lease Expired 30 June 2013, now on month by month rental.

639 Great South Road Manukau - Area F

Victa Ltd - Expires 30 June 2017 plus ROR for 3 years.

639 Great South Road Manukau - Area G

Common Parking area. The costs are shared with NZ Liquor Merchants and Wiri Licensing Trust.

639 Great South Road Manukau - Area H

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

639 Great South Road Manukau - Area W

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

185-187 Great South Road Manurewa

Laird Holdings Ltd - Expires 17 September 2024, ROR from 17 September 2015.

WIRI LICENSING TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

11 PROPERTY PLANT AND EQUIPMENT	Cost/ Valuation	Accumulated Depn and impairment changes	Carrying Amount	Current Year				Cost/ Valuation	Accumulated Depn	Carrying Amount
	31/03/2013	1/04/2013	1/04/2013	Additions	Reclassification/ Disposals/ Revaluation	Depn	Gain/Loss on Disposal/ Reclassification	31/03/2014		31/03/2014
Office Equipment – Trusty Fullback	1,040 -	853	187	-	-	75	-	1,040 -	928	112
Fixtures & Fittings – Trusty Fullback	50,725 -	19,402	31,323	-	-	3,759	-	50,725 -	23,161	27,564
Plant & Equipment – Trusty Fullback	36,415 -	21,896	14,519	-	-	4,125	-	36,415 -	26,021	10,394
Roscommon Road	1,530,000 -	57,053	1,472,947	-	194,571 -	17,518	-	1,650,000	-	1,650,000
Plant & Equipment - Our Local	321,551 -	235,251	86,300	12,119	-	19,986	-	333,670 -	255,237	78,433
Motor Vehicles - at Cost	23,212 -	21,392	1,820	-	-	655	-	23,212 -	22,048	1,164
Office Furniture & Equipment - Our Local	73,479 -	56,928	16,551	-	-	2,810	-	73,479 -	59,738	13,741
Computer Equipment - at Cost	704 -	635	70	-	-	35	-	704 -	669.25	35
	2,037,126 -	413,409	1,623,717	12,119	194,571 -	48,962	-	2,169,245 -	387,800	1,781,445

11 PROPERTY PLANT AND EQUIPMENT	Cost/ Valuation	Accumulated Depn and impairment changes	Carrying Amount	Current Year				Cost/ Valuation	Accumulated Depn	Carrying Amount
	31/03/2012	1/04/2012	1/04/2012	Additions	Reclassification/ Disposals/ Revaluation	Depn	Gain/Loss on Disposal/ Reclassification	31/03/2013		31/03/2013
Office Equipment – Trusty Fullback	1,040 -	728	312	-	-	125	-	1,040 -	853	187
Fixtures & Fittings – Trusty Fullback	50,725 -	15,088	35,637	-	-	4,313	-	50,725 -	19,401	31,324
Plant & Equipment – Trusty Fullback	39,915 -	16,754	23,161	-	900 -	6,205 -	1,537	36,415 -	21,896	14,519
Roscommon Road	1,530,000 -	38,805	1,491,195	-	-	18,248	-	1,530,000 -	57,053	1,472,947
Plant & Equipment - Our Local	289,867 -	224,272	65,595	33,976 -	96 -	13,038 -	137	321,551 -	235,251	86,300
Motor Vehicles - at Cost	23,212 -	20,369	2,843	-	-	1,023	-	23,212 -	21,392	1,820
Office Furniture & Equipment - Our Local	84,465 -	60,769	23,696	-	-	4,898 -	2,247	73,479 -	56,928	16,551
26/185 Great South Road Manurewa	1,200,000 -	11,381	1,188,619	-	1,200,000	-	11,381	-	-	-
Computer Equipment - at Cost	704 -	565	139	-	-	70	-	704 -	635	69
	3,219,928 -	388,731	2,831,197	33,976 -	1,200,996 -	47,920	7,460	2,037,126 -	413,409	1,623,717

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 2014.

WIRI LICENSING TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

12 INTANGIBLE ASSETS	2014	2013
Computer Software		
Original Cost	2,838	2,838
Accumulated Amortisation	2,802	2,757
Current Year Amortisation	20	45
	<u>2,822</u>	<u>2,802</u>
Closing Balance Computer Software	<u>16</u>	<u>36</u>

13 TRADE AND OTHER PAYABLES	2014	2013
Trade Creditors	169,055	34,675
The Trusts Charitable Foundation	15,875	24,189
Accruals	165,370	100,447
GST Payable	-	25,011
Loyalty Points Redeemable	1,126	978
	<u>351,425</u>	<u>185,300</u>

14 BORROWINGS	2014	2013
Non Current		
ASB Loan 88	1,205,000	1,055,000
VTM Trust	975,000	1,075,000
Less: Current Portion of Non Current Liabilities	-1,305,000	-100,000
Total Term Liabilities	<u>\$875,000</u>	<u>\$2,030,000</u>
Current		
ASB Wiri Trust Account	38,942	-
Current Portion - ASB Loan 88	1,305,000	100,000
	<u>1,343,942</u>	<u>\$100,000</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

ASB Loan 88 - \$1,205,000. \$865,000 from 11 April 2012, to refinance ASB term loans that were outstanding.

A further \$50,000 was drawn on 21 August 2012 & \$140,000 on 10 December 2012 for various expenditure.

A further \$150,000 was drawn on 12 February 2014 for various expenditure.

Term: Interest only - Due 30/10/2014

Interest Rate: Variable – Currently 5.52% (2013 - 5.34%)

Deed of assignment of all leases - 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 185-187 Great South Road Manurewa.

Term: 7 years from 1 December 2011.

Interest Rate: 6% (2013 - 6%)

15 EQUITY

General Trust Equity	2014	2013
Opening Balance	15,842,391	15,558,055
Profit / Deficit for year	39,480	284,336
	<u>15,881,871</u>	<u>15,842,391</u>
 Asset Revaluation Reserve		
Opening Balance	568,964	568,964
Property Revaluation Gain/(Loss) for year	194,571	-
Closing Balance	<u>763,535</u>	<u>568,964</u>
 Total Equity	 <u><u>16,645,406</u></u>	 <u><u>16,411,355</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

16 CONTINGENCIES

- On April 2004 the Trust entered into a Deed of Settlement with Auckland 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 property situated at 639 Great South Road Manukau, 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 failing to remedy the breach within 21 days or notice from the council.

This contingency is calculated to be \$8,500,000 (\$8,400,000 as at 31/3/2013) being 50% of the market value as recorded in the Statement of Financial Position.

- During this financial period the Trust was served with legal proceedings by a tenant in relation to the property at 639 Great South Road. These proceedings are on going and the Trust has employed suitable legal expertise to represent its interests.

Contingent liabilities relating to these proceedings are difficult to quantify, but will include legal costs, possible loss of income and additional development costs bought about by any construction delays.

17 TAXATION

	2014	2013
Net Profit/(Deficit)	69,309	309,961
Taxation @ 28%	19,406	86,789
Plus/(Less) Tax effect of:		
Non deductible expenditure	-	37
Non accessible income	1,006	- 70,133
Depreciation Adjustment	4,905	5,109
Employee Benefits	4,174	4,094
Prior Year Assessment Adjustment	338	-
Tax Expense	<u>29,830</u>	<u>25,896</u>
Less		
Resident Withholding Tax Paid	-	23
Provisional Tax Paid	40,604	29,416
Prior Year Terminal Tax Due	-	- 27,767
Prior Period Assessment Adjustment	338	-
Tax Payable per Statement of Financial Position	<u>-11,112</u>	<u>24,224</u>
Current Tax	29,830	25,897

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

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:

	2014	2013
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	Total Due			
2014 Operating Commitments	< 1 Year	1 – 2 Years	2 – 5 Years	Total
Our Local Photocopier - MARAC Finance	1,620	1,215		2,835
Trusty Fullback Bar Body Corp - Livingstones	32,884	32,884	73,989	139,757

Leased Asset	Lease Details			
2014 Operating Commitments	Term (months)	Months Expired	Months left	Monthly Payment
Our Local Photocopier - MARAC Finance	45	24	21	135
Trusty Fullback Bar Body Corp - Livingstones	180	129	51	2,740

Leased Asset	Total Due				
2013 Operating Commitments	< 1 Year	1 – 2 Years	2 – 5 Years	> 5 Years	Total
Our Local Photocopier - MARAC Finance	1,620	1,620	1,215	-	4,455
Trusty Fullback Bar Body Corp - Livingstones	32,884	32,884	98,652	8,221	172,641

- On the 7th March 2014 the Trust signed a Construction contract with Focus Construction Group for \$2.7m. This contract was for the development of part of the Trust property situated at 639 Great South Road Manukau. The development is expected to be completed by September 2014.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014****20 RELATED PARTY TRANSACTIONS**

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

Wiri Licensing Trust

Auckland Council

Duncan White

Conifer Grove Residents & Ratepayers Association - Committee Member

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

	2014	2013
Conifer Grove Residents & Ratepayers Association	435	-
Nathan Homestead (Auckland Council)	500	-
	<u>935</u>	<u>-</u>

The following related party transactions were in the form of bar & food sales to the Trust:

	2014	2013
Manurewa Rugby League Football Sports Club Inc	-	120
Manurewa Rugby Club	-	4,089
	<u>-</u>	<u>4,209</u>

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

	2014	2013
Auckland Council	140,778	134,428
	<u>140,778</u>	<u>134,428</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014****21 FINANCIAL INSTRUMENTS**

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

FINANCIAL ASSETS	2014	2013
Loans and receivables		
Cash and cash equivalents	46,980	166,161
Debtors and other receivables	38,268	22,892
Taxation Refund	11,113	-
	<u>96,361</u>	<u>189,053</u>
FINANCIAL LIABILITIES	2014	2013
Financial Liabilities at amortised cost		
Creditors and other payables	351,425	160,289
Secured loans	2,180,000	2,130,000
Taxation Payable	-	24,225
Overdraft	38,942	-
	<u>2,570,367</u>	<u>2,314,514</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014****22 SPONSORSHIP PAID**

The following sponsorship was paid during the year:

2014

Manurewa Association Football Club (MAFC)	500
Manurewa Methodist Church	500
Manukau Parents Centre	285
Papatoetoe Caring Community Trust	500
Manurewa Rugby League Football & Sports Club	1,200
New Foundations Trust	456
Wiri Central School	400
Manurewa Youth Workers Network Inc	435
Youthline Manukau	500
Manurewa Samoan Parish Youth Group	430
Warriors of Change	450
Nathan Homestead (Auckland Council) for Youth Development Auckland	500
Wattle Downs Residents & Ratepayers Assoc.	500
Maich Road Teaching Gardens	435
Te Whakaora Tangata	800
Papatoetoe Caring Community Trust	500
Conifer Grove Residents Assoc	435
Clendon Junior Touch Module	870
Sua E Siva Organisation	500
Te Kamaka Mataurangi Kohanga reo	463
Rawiri Residents Assoc	574
He Poutama Awhina Club	365
Any Two Cards Poker Group	159
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	12,256
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