

Wiri Licensing Trust Annual Report 2015/16

Trust announces \$7 million property development

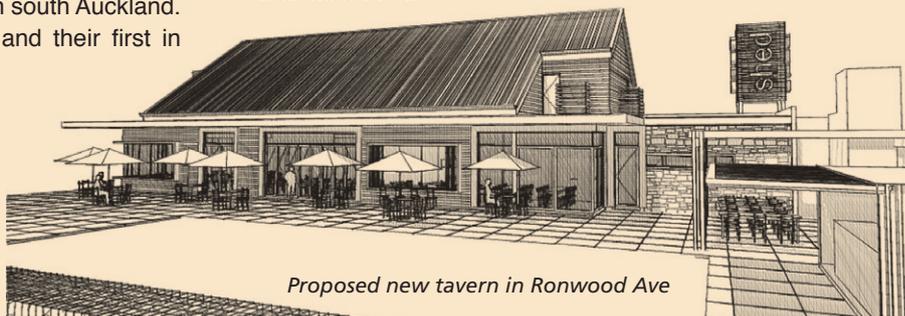
After almost a year of planning the Wiri Licensing Trust is pleased to announce the next stage in the redevelopment of its Manukau central property at Ronwood Ave.

This project will involve the demolition of the old bar and restaurant building in March 2017 and the construction of a new fast food franchise building and new tavern. The project is expected to be completed by early 2018.

At this stage the Trust is not able to announce the fast food franchise tenant for commercial reasons. Trust chairman Alan Johnson however is excited about the Trust's new business partner. 'Our new tenant is a long-established American franchise which should prove very popular in south Auckland. This operation will be their flagship store and their first in New Zealand. Both the Trust and our new business partner are excited about the opportunities this development offers for jobs and retailing in the Manukau central area', he says.

The old Guada tavern and adjacent restaurant will be demolished in March 2017 to make way for this development

and the Trust will be building a new tavern toward the rear of the site to replace these businesses. The new tavern will include family friendly dining and a garden bar as well as gaming and BBQ areas. The tavern is expected to open in February 2018. 'The Trust is aiming to provide the Manukau central area with a good quality bar business which offers moderately priced food in an attractive friendly and safe environment.' Mr Johnson said. 'For too long we have not had such opportunities in the Manukau central area and these type of operations are proving attractive in Botany and Takanini so we believe they will prove popular in Manukau as well' he added.



Proposed new tavern in Ronwood Ave

Marlins host three NRL Nines Teams

The Wiri Licensing Trust is proud to be sponsoring the Manurewa Marlins rugby league club as it plays host to three NRL nines sides on Thursday 2nd February.

In past years the Marlins have hosted the Melbourne Storm but this year their hospitality will be extended to three teams – the South Sydney Rabbitohs, Parramatta Eels and Manly Sea Eagles. Once again the event will be held in Mountfort Park and this year the welcome and entertainment kick-off at 5pm and go through to 7:45pm.

Entry is free and there will plenty to do including meeting the NRL nines players, children's games, food stalls, merchandise stalls and a chance to sign on as a Marlins player for 2017.

MEET YOUR FAVOURITE NRL STARS

Thursday 2nd February
Mountfort Park – Weymouth Road

5:00pm: South Sydney Rabbitohs

6:15pm: Parramatta Eels

6:45pm: Canberra Raiders

PROUDLY SUPPORTED BY

WIRI TRUST
WIRI LICENSING TRUST

**MANUREWA
MARLINS**
RUGBY LEAGUE



**DOWNER
NRL AUCKLAND NINES**

CLUB @ DAY

**THURSDAY 2 FEBRUARY, 5PM
MANUREWA RUGBY LEAGUE CLUB**

Come along to Mountfort Park and meet your favourite NRL players from:

South Sydney Rabbitohs

Parramatta Eels

Canberra Raiders

* Non-club members also welcome.

aucklandnz.com/nines

WIRI LICENCING TRUST

Summary Financial Statements For the year ended 31 March 2016

Statement of Financial Position

As at 31 March 2016

	2016	2015
Current Assets	418,938	456,399
Non-Current Assets	25,572,904	24,701,909
Total Assets	25,991,842	25,158,308
Current Liabilities	4,345,389	405,940
Non-Current Liabilities	3,384,974	7,490,796
Total Liabilities	7,730,363	7,896,736
Net Assets	18,261,479	17,261,572
Trust Equity	17,305,983	16,399,220
Asset Revaluation Reserve	955,496	862,352
Total Equity	18,261,479	17,261,572

Statement of Changes in Equity

For the year ended 31 March 2016

	2016	2015
Equity at Start of Year	17,261,572	15,706,579
Total Comprehensive Income	906,763	1,488,176
Other Comprehensive Income	93,144	66,817
Total Equity at End of Year	18,261,479	17,261,572

Statement of Comprehensive Income

For the year ended 31 March 2016

	2016	2015
Bar Revenue	362,937	388,308
Other Revenue	1,391,933	1,105,192
Sponsorship	(32,586)	(16,407)
Other Expenditure excluding finance costs	(1,239,210)	(1,284,451)
Finance Costs	(349,215)	(271,621)
Operating Surplus	133,858	(78,978)
Investment Revaluation Gain/(Loss)	801,956	1,551,036
Net Surplus/(Deficit) before tax	935,814	1,472,058
Tax Expense	29,051	(16,118)
Net Surplus/(Deficit) after tax	906,763	1,488,176
Gain on Property, Plant & Equipment Revaluation	106,144	76,817
Tax on Revaluation	(13,000)	(10,000)
Total Comprehensive Income	999,907	1,554,993

Statement of Cash Flows

For the year ended 31 March 2016

	2016	2015
Net Cash Flows from Operating Activities	281,551	(325,940)
Net Cash Flows from Investing Activities	(164,222)	(3,834,577)
Net Cash Flows from Financing Activities	(100,000)	4,477,400
Net Increase / (Decrease) in Cash	17,329	316,882
Cash and Cash Equivalents at Beginning of Period	324,920	8,038
Cash and Cash Equivalents at End of Period	342,249	324,920
Net Change in Cash for the Period	17,329	316,882

Notes to the Summary Financial Statements

For the year ended 31 March 2016

These are the summary financial statements of Wiri Licensing Trust for the year ended 31 March 2016.

The specific disclosures included in these summary financial statements have been extracted from the full annual financial statements dated 27 September 2016.

This summary financial report cannot be expected to provide as complete an understanding as provided by the full financial statements.

An unqualified audit opinion has been received on the full financial statements for the year ended 31 March 2016. A copy of the full financial statements for Wiri Licensing Trust for the year ended 31 March 2016 can be obtained by contacting Alan Johnson, Chairperson, Wiri Licensing Trust, PO Box 98833, South Auckland Mail Centre, Manukau City 2241, New Zealand or by visiting <http://www.wiritrust.org.nz/reports.html>.

This summary financial report has not been audited. These summary financial statements were approved for issue by the Board of Trustees for Wiri Licensing Trust on 27 September 2016.

These are the financial statements of Wiri Licensing Trust. Wiri Licensing Trust is a Licensing Trust constituted under and governed by the Sale and Supply of Alcohol Act 2012 and domiciled in New Zealand.

Reporting Entity

The financial statements are of a single trust which has been designated a profit orientated entity. 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.

Statement of Compliance

These financial statements comply with FRS43: Summary Financial Statements. The presentation currency is New Zealand dollars, rounded to the nearest whole dollar. The full financial statements upon which these Summary Financial Statements are based have been prepared in accordance with the requirement of the Sale and Supply of Alcohol Act 2012 and Generally Accepted Accounting Practice in New Zealand.

The Trust is eligible and has elected to report in accordance with Tier 2 for-profit Accounting Standards (NZ IFRS RDR) and has applied disclosure concessions.

These financial statements are the first financial statements presented in accordance with the Tier 2 for profit accounting standards.

Specific Accounting Policies

All other specific accounting policies have been applied on the same basis as those used in the full financial statements.

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

Sale 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.

Gaming Machine Income

Gaming machine income is recognised on a straight line basis over the site rental term.

Property, Plant & 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 & Great Sth 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

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 sit 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 2016.

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 2016. Gains or losses arising from the fair value of Investment Properties are recorded in the Surplus or Deficit.

Contingencies

On April 2004 the Trust entered into a Deed of Settlement with Manukau City Council (now Auckland 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:

- Selling all or part of the land without the Council's written consent.
- 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.
- Failing to meet a payment or obligation under the Deed of Settlement and failing to remedy this breach within 21 days notice from the council.

This contingency is calculated to be \$11,650,000 (\$11,250,000 as at 31 March 2015) being 50 % of the market value as recorded in the Statement of Financial Position.

Wiri Licensing Trust Annual Report 2015/16

TRUST CHAIRMAN'S REPORT For year to 31st March 2016

The Wiri Licensing Trust has made steady progress during 2015/16 reporting a tax paid profit of \$907,000 and signing up a major international brand as a key tenant in an exciting new property development. This progress means that the Trust remains a profitable community owned business in this our 47th year of operation.

The 2015/16 Annual Report and Financial Statements have been delayed because of problems around the completion of the audit. These problems were mainly caused by the need for more extensive financial reporting brought about requirements of the Financial Reporting Act 2013. The annual audit of the Trust's accounts was completed by the public auditor Audit New Zealand in October 2015 and once again the Trust has received an audit free of any major concerns from the auditor. A full copy of the auditor's opinion and the 2015/16 accounts are available on the Trust's website at www.wiritrust.org.nz

The Trust has emerged from the disappointments of 2014/15 where it posted an operating loss of \$79,000 to report an operating surplus of \$134,000 for the 2015/16 year. On top of this the Trust received an \$802,000 gain from property revaluations of its properties. The main reasons for this turnaround were higher rental income from the Trust's commercial property investments and lower legal expenses due to the winding down of the legal dispute with Wendco over access and consent issues.

At the end of March 2016 the Trust had total assets of just under \$26 million against debts of \$7.7 million resulting in a total equity of the business of \$18.3 million. This compares with net equity a year earlier of \$17.3 million. This increase in equity I believe demonstrates the prudent and dedicated efforts of the Trustees during 2015/16.

In June 2015 the Trust employed Brett Wilson as the Trust Manager following the resignation of the previous manager in February that year. Brett has settled into the job well and has made a solid contribution to running the Trust's finances and commercial property operations.

During late 2015 and for all of 2016 the Trust has been working on a \$7 million redevelopment of part of its commercial property in Manukau. This redevelopment will include the flagship site for an international fast food chain and will prove to be a lucrative investment for the Trust. At this stage it is not possible to release more information about this deal for commercial reasons. Applications have however been made for resource consents and we expect the project to be completed by the end of 2017.

The 2016 local elections only brought about one change in the line-up of Trustees. Ken Penney, who has served as a Trustee for six years, retired at these elections because he shifted out of the Trust's district. He is replaced by well-known Clendon resident and local community worker Kim Dennis. On behalf of my fellow Trustees I would like to thank Ken for his loyal commitment to the Trust over the past six years and wish him all the best for the future.

In summary 2015/16 has been a year of recovery for the Trust where we have largely put the expensive legal disputes with Wendco behind us and changed our management structure to better suit the scale of our business. The Trust remains profitable and stable and we are well placed for significant new investment over the next two years. Planning for this investment is well underway and offers us significant opportunities to add value to the Trust's assets and to secure its future for the next generation.

Alan Johnson
Trust Chairman

Humans of South Auckland backed by WLT

Humans of South Auckland or HOSA is a community project which is celebrating the lives and successes of ordinary South Aucklanders. This project is run by Jasmine Jenke and Maree Steunebrink as a way developing 'hope and pride in our south Auckland community'. Now the group has published a book of stories of South Aucklanders titled 'Real Raw and Relatable' which was supported by the Wiri Licensing Trust. The book was launched at the Papatoetoe Sports Centre on 15th November 2016 to an audience of over 200 people many of whom were featured in it.

The Wiri Licensing Trust is also providing sponsorship to HOSA to run weekly profiles of South Aucklanders in the Manukau Courier for 2017. Watch out for these stories and even nominate a friend, relative or neighbour who you think should be recognised for being a decent human of South Auckland. You can do this on line at <http://hosa.co.nz/submit-your-story/>.



Humans of South Auckland at the launch of Real Raw and Relatable

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Trustees of the Wiri Licensing Trust



What Is The Wiri Licensing Trust?

The Wiri Licensing Trust is a community owned business which was established in 1969 under sale of alcohol legislation. The Trust owns and operates bars and undertakes other related businesses within its district. This district is indicated on the map below and is that area bounded by the Southern Motorway, Puhinui Road and the Manukau Harbour.

The Trust is governed by six elected trustees who are elected at the same time as the Auckland Council elections. The Trust however is not part of Auckland Council. Unlike the Council the Wiri Licensing Trust does not operate on rates but must survive commercially on its trading and profits.

The Wiri Licensing Trust presently owns three taverns within its district, although two of these are leased out to private operators while the third – Our Local in Roscommon Road Wiri, is operated directly by the Trust.

Despite its name the Trust is not responsible for liquor licensing and decisions around the granting of liquor licences for bars and bottle shops. This responsibility lies with the District Licencing Agency which effectively is a branch of Auckland Council. Like all other businesses selling alcohol, the Wiri Licensing Trust must hold a liquor licence and comply fully with all licensing laws.

Class 4 gaming machines or ‘pokies’ are operated at all the Trust’s bars. These are operated by Trillian Trust and The Trusts’ Community Foundation or TTCF. These operators are responsible for collecting revenue from the gaming machines and distributing some of this to the local community as grants. The Trustees of the Wiri Licensing Trust have an advisory role in the allocation of these grants but do not make the grants themselves.

The Wiri Licensing Trust does however distribute some of its tax paid profits back into the local community as grants and sponsorships. A list of these grants and sponsorship for the 2015/16 year is provided in the Trust’s annual report.



Grants & sponsorships from Wiri Licensing Trust for the year to 31 March 2016

RECIPIENT GROUP	AMOUNT (exc GST)
Activ8 Sports	435
Age Concern Counties Manukau Inc.	1,000
Anand Isher Educational & Community Trust	500
Andrew Lesa	300
ASB Polyfest	1,000
Auckland Cambodian Youth & Recreational Trust	297
Auckland Parapalegic & Physically Disabled Assoc Inc.	1,500
Clendon Juniors Touch	1,000
Counties Manukau Sports Foundation	500
Counties Manukau Victims Support	1,000
Counties Manukau Zones of NZRL inc.	1,000
Family Start Manukau	500
Foundation for Youth Development	1,000
Girl Guides – Totara View District	500
Graeme Dingle Foundation	500
He Poutama Awhina Netball Club	500
JC Spartans Inc	868
Katie’s Mission to Clean Up	435
Maich Road Teaching Gardens	486
Manukau Indian Association Inc	600
Manurewa Amateur Athletic & Harrier Club	500
Manurewa Marae	500
Manurewa Methodist Church	1,000
Manurewa Tongan Methodist Church	500
Manurewa Youth Workers Network	500
New Foundations Trust	435
Papatoetoe Caring Community Trust	1,000
Randwick Park Residents’ Association Inc	500
Rawiri Residents’ Association	500
Safer Aotearoa Family Violence Prevention Network	3,000
SoulStep Display Marching Team	500
Te Huarahi Hou Incorporated Society	2,000
Te Kura Kaupapa Maori o Manurewa	500
Te Whakaora Tangata	1,580
Te Wharekura o Manurewa Trust	1,000
Urban Neighbours of Hope NZ Trust	450
Waimahia Inlet Residents Association Inc	500
Waimahia Intermediate School	1,000
Wattle Downs Residents & Ratepayers Association	500
Weymouth Boating Club Inc.	1,000
Weymouth Playcentre	700
Youthline (Manukau)	500
Total sponsorships and grants	32,586