AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent auditor's report

**To the readers of
Mount Wellington Licensing Trust and group's
financial statements
for the year ended 31 March 2014**

The Auditor-General is the auditor of Mount Wellington Licensing Trust (the Trust) and group. The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust and group, on her behalf.

We have audited the financial statements of the Trust and group on pages 3 to 26, that comprise the statement of financial position as at 31 March 2014, the 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 accounting policies and other explanatory information.

Opinion

In our opinion the financial statements of the Trust and group on pages 3 to 26:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Trust and group's:
    - financial position as at 31 March 2014; and
    - financial performance and cash flows for the year ended on that date.

Our audit was completed on 18 November 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Trust and group's financial statements that fairly reflect the matters to which they relate. We consider internal control 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 and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Trustees;
- the adequacy of all disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. Also we did not evaluate the security and controls over the electronic publication of the financial statements.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Trustees

The Trustees are responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Trust and group's financial position, financial performance and cash flows.

The Trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustees are also responsible for the publication of the financial statements, whether in printed or electronic form.

The Trustees' responsibilities arise from the Sale and Supply of Alcohol Act 2012.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit.

Our responsibility arises from section 15 of the Public Audit Act 2001 and the Sale and Supply of Alcohol Act 2012.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Trust or any of its subsidiaries.

David Walker
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

MOUNT WELLINGTON LICENSING TRUST

CONSOLIDATED ACCOUNTS

FOR YEAR ENDED 31 MARCH 2014

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MOUNT WELLINGTON LICENSING TRUST

ORGANISATION PARTICULARS

AS AT 31 MARCH 2014

DIRECTORY

Nature of Business:	Investment Organisation
Registered Office:	Room 701 Waipuna Hotel & Conference Centre 58 Waipuna Road MT WELLINGTON
Date of Incorporation:	Not applicable as created under statute
Trustees: (all Trustees were re-elected in October 2013 unless otherwise stated)	Mr A Verrall (President) Ms L Boyle Ms M de Kort Ms D Eggers (newly elected Oct 13) Ms J Gosche (term concluded Oct 13) Mr M Murray Ms J Salesa (newly elected Oct 13) Mrs J Welch (term concluded Oct 13)
Bankers:	Not applicable
Solicitors:	DG Law P O Box 14081 Panmure AUCKLAND
Auditors:	Audit New Zealand On behalf of the Auditor General P O Box 1165 AUCKLAND

MOUNT WELLINGTON LICENSING TRUST AND GROUP
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2014

	Note	Trust 2014 $	Trust 2013 $	Group 2014 $	Group 2013 $
REVENUE					
Accomodation	2	0	0	5,064,549	5,054,877
Food & beverages	3	0	0	9,021,694	8,431,408
Gaming income		0	0	2,056,427	2,056,365
Other Income	4	0	0	281,202	293,007
Fair value adjustment on related party loans	5	309,311	301,485	0	0
Finance income	5	6,484	41,541	0	0
TOTAL REVENUE		315,795	343,026	16,423,872	15,835,657
LESS EXPENSES					
Cost of Sales	6	0	0	2,713,041	2,583,842
Employee benefit expenses	7	0	0	6,060,889	6,133,041
Depreciation and amortisation	14, 15	0	0	941,095	947,192
Revaluation decrement		0	0	0	(141,373)
Grants		0	0	1,063,643	964,089
Other Expenses	8	0	0	4,506,413	4,279,471
Fair value adjustment on related party loans	9	303,361	303,779	0	0
Finance costs	9	0	0	638,050	920,402
TOTAL EXPENSES		303,361	303,779	15,923,131	15,686,664
NET OPERATING SURPLUS/(DEFICIT) BEFORE TAXATION		12,434	39,247	500,741	148,993
INCOME TAX EXPENSE	10	0	0	(171,307)	(82,898)
OPERATING SURPLUS/(DEFICIT) AFTER TAXATION		12,434	39,247	329,434	66,095
OTHER COMPREHENSIVE INCOME					
Gains from adjustment for change in tax rate on revaluation reserve	10	0	0	0	0
Revaluation gain	20	0	0	0	1,146,338
Tax on asset revaluations	10	0	0	0	(312,575)
TOTAL OTHER COMPREHENSIVE INCOME		0	0	0	833,763
TOTAL COMPREHENSIVE INCOME AFTER TAX		12,434	39,247	329,434	899,858

The accompanying notes form part of these financial statements.

MOUNT WELLINGTON LICENSING TRUST AND GROUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2014

	Note	Trust 2014 $	Trust 2013 $	Group 2014 $	Group 2013 $
EQUITY AT 1 APRIL		**12,439,455**	12,400,208	**18,395,096**	17,495,240
Total comprehensive income after taxation		12,434	39,247	329,433	899,858
EQUITY AT 31 MARCH		**12,451,889**	**12,439,455**	**18,724,530**	**18,395,096**

The accompanying notes form part of these financial statements.

MOUNT WELLINGTON LICENSING TRUST AND GROUP
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

	Note	Trust 2014 $	Trust 2013 $	Group 2014 $	Group 2013 $
CURRENT ASSETS					
Cash and cash equivalents	11	0	0	939,678	1,357,607
Trade and other receivables	12	0	0	1,221,983	924,203
Inventories	13	0	0	351,180	288,903
TOTAL CURRENT ASSETS		0	0	2,512,841	2,570,713
NON-CURRENT ASSETS					
Property, plant and equipment	14	0	0	36,315,089	36,288,537
Intangible assets	15	0	0	570	4,186
Other financial assets	16	14,867,124	14,863,693	0	0
Deferred tax asset		0	0	0	0
TOTAL NON-CURRENT ASSETS		14,867,124	14,863,693	36,315,659	36,292,723
TOTAL ASSETS		14,867,124	14,863,693	38,828,500	38,863,436
CURRENT LIABILITIES					
Trade and other payables	17	0	0	1,357,570	1,236,190
Derivative financial instruments		0	0	141,742	422,819
Employee benefit liabilities	18	0	0	487,644	535,125
Borrowings	19	0	0	39,286	78,571
TOTAL CURRENT LIABILITIES		0	0	2,026,242	2,272,705
NON-CURRENT LIABILITIES					
Borrowings	19	2,415,235	2,424,238	12,250,000	12,389,285
Employee benefit liabilities	18	0	0	15,374	10,071
Deferred tax liability	10	0	0	5,812,354	5,796,279
TOTAL NON-CURRENT LIABILITIES		2,415,235	2,424,238	18,077,728	18,195,635
TOTAL LIABILITIES		2,415,235	2,424,238	20,103,970	20,468,340
NET ASSETS		**12,451,889**	**12,439,455**	**18,724,530**	**18,395,096**
EQUITY					
Retained earnings	20	12,451,889	12,439,455	9,347,479	9,018,045
Other reserves	20	0	0	9,377,051	9,377,051
Paid up Capital		0	0	0	0
TOTAL EQUITY		**12,451,889**	**12,439,455**	**18,724,530**	**18,395,096**

The accompanying notes form part of these financial statements.

18TH NOV 2015

ALAN BRUCE VERRALL

Leila June Boyle 18 Nov 2015

MOUNT WELLINGTON LICENSING TRUST AND GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2014

	Note	Trust 2014 $	Trust 2013 $	Group 2014 $	Group 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from accomodation, food & beverage		0	0	16,596,400	16,094,003
Interest received		0	0	36,890	31,269
Dividends received		0	0	990	640
Payments to suppliers and employees		0	0	(14,816,942)	(14,339,583)
Interest paid		0	0	(906,387)	(917,943)
Goods and services tax (net)		0	0	15,817	162
NET CASH FROM OPERATING ACTIVITIES	21	0	0	926,768	868,548
CASH FLOWS FROM INVESTING ACTIVITIES					
Inflow arising from change in composition of group				0	0
Proceeds from sale of assets				0	3,913
Purchase of property, plant and equipment		0	0	(1,010,894)	(174,023)
Purchase of intangible software		0	0	0	0
NET CASH FLOWS FROM INVESTING ACTIVITIES		0	0	(1,010,894)	(170,110)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		0	0	0	0
Repayment of borrowings		0	0	(178,571)	(478,571)
Income tax paid		0	0	(155,232)	(87,668)
Repayment of finance lease liabilities		0	0	0	0
NET CASH FLOWS FROM FINANCING ACTIVITIES		0	0	(333,803)	(566,239)
NET INCREASE IN CASH AND CASH EQUIVALENTS		0	0	(417,929)	132,199
Cash and cash equivalents at the beginning of the year	11	0	0	1,357,607	1,225,408
CASH AND CASH EQUIVALENTS AT THE END OF THE YI	11	0	0	939,678	1,357,607

Cash, cash equivalents and bank overdrafts at the end of the year is the net of bank overdraft (note 19) and cash at bank and in hand (note 11).

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

During the period, MWLT group acquired property, plant and equipment totalling $0 (2013: $0) by means of finance leases.

The accompanying notes form part of these financial statements.

1. Statement of Accounting Policies

REPORTING ENTITY

Mount Wellington Licensing Trust (MWLT) is a licensing trust operating under the Sale and Supply of Alcohol Act 2012.

The MWLT group comprises the following entities:
- Mount Wellington Licensing Trust (MWLT, the Trust)
- Mt Wellington Trust Hotels Limited (MWTHL)
- Keri Corporation Limited (Keri)
- Mt Wellington Charitable Trust (MWCT)
- Mt Wellington Foundation Limited (MWFL)

The group is primarily involved in hospitality, conferencing, accommodation and gaming activities within the Mt Wellington area. These activities are conducted through its subsidiary companies with the intention of making a profit to enable distribution of available funds to community groups within the local area. MWLT has therefore designated itself as a profit oriented entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of MWLT, and the group, are for the year ended 31 March 2014. The cut off date is the Sunday closest to year end. For the 2014 accounts this date is 30 March 2014 (2013 accounts were to 31 March 2013).

The financial statements were authorised for issue by the Board of Trustees on the 18th of November 2015.

BASIS OF PREPARATION

Statement of compliance
These financial statements of MWLT have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other 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 property, plant and equipment and the measurement of derivative financial instruments and interest free related party loans at fair value.

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 MWLT is New Zealand dollars.

Changes in accounting policy
There were no changes in accounting policies during the year.

Standards, amendments and interpretations issued that are not yet effective and not early adopted

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted and which are relevant to MWLT and group include:

> NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 31 March 2017. MWLT has not yet assessed the impact of the new standard and expects it will not be early adopted.

SPECIFIC ACCOUNTING POLICIES

Basis of consolidation

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intergroup balances, transactions, income and expenses are eliminated on consolidation.

MWLT's investment in its subsidiaries are carried at cost in MWLT's own "parent entity" financial statements.

Other financial assets, including investments in subsidiaries, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds it recoverable amount. The impairment will be recognised in the surplus / deficit for the year. Where the assets' recoverable amount exceeds its carrying amount the impairment losses previously recognised through the surplus / deficit may be reinstated to the higher of the assets' cost or recoverable amount.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Sales of goods are recognised when a product is sold to the customer. Sales are usually in cash, credit card or credit. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.

Interest income is recognised using the effective interest method.

Lease receipts under an operating sub-lease are recognised as revenue on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents includes cash in 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 and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the MWLT group 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 using the effective interest method.

Inventories

Inventories held for sale or use in the production of goods and services on a commercial basis are valued at the lower cost and net realisable value. The cost of purchased inventory is determined using the FIFO method.

Financial Assets

The MWLT group classifies its financial assets into the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and financial assets at fair value through equity. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or less in which case the transaction costs are recognised in the surplus or deficit

The four categories of financial assets are:

1. *Financial assets at fair value through profit or loss*
   This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are held for trading or are expected to be realised within 12 months of the balance sheet date.

   After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus or deficit.

   Derivatives disclosed as financial instruments by MWTHL are deemed to be held for trading.

2. *Loans and receivables*
   These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

   After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the surplus of deficit. Loans and receivables are classified as "trade and other receivables" in the statement of financial position.

   Currently, the MWLT group does not hold any financial assets in this category.

At each balance date the MWLT group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Property, plant and equipment

Property, plant and equipment consists of land, buildings, plant and equipment, furniture and motor vehicles. The MWLT group has a number of tenanted areas which are held to meet future plans for owner-occupied use. The current tenancy arrangements are incidental to this longer term goal and hence the properties are classified as property, plant and equipment rather than investment property.

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 MWLT group and the cost of the items 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.

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 surplus or deficit When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

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 MWLT group and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation
Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Asset class	Depreciation rate (%)	
Buildings - Structural	1	to 4
Buildings - Inner Fixtures	2	
Buildings - Internal Joinery Fittings	2	
Buildings - Floor Coverings and Chattels	3	
Buildings - Plumbing services	2	
Buildings - Mechanical Services	5	to 7
Buildings - Fire Services	2	
Buildings - Electrical Services	3	
Buildings - Electronic & Computer Services	3	
Buildings - Lift & Escalator Services	5	
Buildings - Other Amenities & Services	3	
Kitchen & Gym Equipment and General Effects	7	to 10
Furniture & Office Equipment	7	to 20
Carpets & Floor Coverings	8	
Motor Vehicles	20	

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Revaluations
Operational land, buildings, plant and equipment are revalued on a three yearly cycle. All other assets are carried at depreciated historical cost.

Revalued assets are disclosed at fair value as determined from market-based evidence by an independent valuer.

The carrying values of revalued items are reviewed at each balance date to ensure that they are not materially different to fair value.

Accounting for revaluations
The results of revaluing are credited or debited to an asset revaluation reserve for that asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then credited to the revaluation reserve for that asset.

Intangible assets

Software acquisition and development
Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Amortisation
The carrying value of a intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

	Useful life	Amortisation rate
Computer software:	5 years	20%

Employment Benefits

Short-term benefits
Employee benefits that the MWLT group 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 earned, but not yet taken at balance date and long service leave entitlements accrued by having reached a particular threshold.

Long service leave and retirement leave
Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and

- the present value of the estimated future cash flows. A discount rate of 4.67%, and an inflation factor of 2.0% were used. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowing costs

Borrowing costs attributable to the acquisition, construction, or production of a qualifying asset are capitalised and expensed over the useful life of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

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

Equity

Equity is the MWLT's interest in the MWLT group and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:
- Retained earnings
- Asset revaluation reserves
- Deferred tax reserves
- Share capital

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

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 that have been enacted or substantively enacted by 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 bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable 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 difference arises from the initial recognition of goodwill or from the initial recognition of an asset and 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 tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited to the surplus or deficit except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

Leases

Finance Leases
A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, the MWLT group recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the MWLT group will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases
An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Critical accounting estimates and assumptions

In preparing these financial statements, MWLT 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:

Property revaluations
Note 14 provides information about the estimates and assumptions exercised in the measurement of revalued property, plant and equipment.

2. Accommodation revenue

	Group 2014	Group 2013
Non-tour	2,905,108	3,019,683
Conference	1,481,343	1,562,404
Tour	678,097	472,790
	5,064,548	5,054,877

3. Food and Beverage revenue

	Group 2014	Group 2013
Food	5,198,341	4,927,687
Beverage	2,212,157	2,036,327
Conference room & equipment hire	1,611,195	1,467,393
	9,021,693	8,431,407

4. Other income

	Group 2014	Group 2013
Finance & administration recoveries	0	(54)
Machine site rental	0	0
Interest received	28,554	31,483
Income from other sources	252,648	261,579
	281,202	293,008

5. Finance income

	Trust 2014	Trust 2013	Group 2014	Group 2013
Fair value adjustment on related party loans	309,311	301,485	0	0
Write-up of Investment in Keri Corporation	6,484	41,541	0	0
	315,795	343,026	0	0

6. Cost of sales

	Group 2014	Group 2013
Food	1,490,641	1,414,287
Beverages	715,272	620,288
Other cost of sales	507,128	549,267
	2,713,041	2,583,842

7. Employee benefit expenses

	Group 2014	Group 2013
Salaries and wages	6,103,068	6,137,575
Increase/(decrease) in employee benefit liabilities	(42,179)	(4,534)
	6,060,889	6,133,041

8. Other expenses

	Group 2014	Group 2013
Fees to principal auditor:-		
Audit fees for financial statement audit	125,060	115,037
Operating lease expense MWTH	264,010	81,280
Donations MWCT	45,333	25,920
Trustee expenses MWFL	40,489	40,312
Gaming machine duty MWFL	472,978	473,179
Other operating expenses	3,558,543	3,543,743
	4,506,413	4,279,471

9. Finance costs

	Trust 2014	Trust 2013	Group 2014	Group 2013
Interest on bank borrowings	0	0	906,387	917,946
Feasibility and consulting costs	0	0	12,740	4,500
Loss on held for trading financial instruments	0	0	(281,077)	(2,045)
Fair value adjustment on related party loans	303,361	303,779	0	0
Impairment of Investment in Keri Corporation	0	0	0	0
	303,361	303,779	638,050	920,401

10. Income tax

Components of income tax expense

	Trust 2014	Trust 2013	Group 2014	Group 2013
Current tax expense	0	0	155,232	97,188
Adjustments to current tax in prior years	0	0	0	0
Deferred tax expense	0	0	16,075	(14,290)
	0	0	171,307	82,898

Relationship between income tax expense and accounting profit

	Trust 2014	Trust 2013	Group 2014	Group 2013
Net operating surplus/(deficit) before tax	12,434	39,248	500,741	148,993
Tax at 28%	3,482	10,989	140,207	41,718
Non-deductible revenue / expenditure	(3,482)	(10,989)	3,693	75,307
Prior period adjustment	0	0	0	0
Permanent differences	0	0	13,960	13,960
Deferred tax on change in tax rate	0	0	0	0
Deferred tax on change in tax legislation for depreciation on buildings	0	0	0	0
Tax loss not recognised	0	0	13,447	(36,456)
Deferred tax on parent tax losses	0	0	0	0
Group loss offset	0	0	0	0
Income tax expense	(0)	0	171,307	94,529

Deferred tax assets/liabilities - Group

	Property plant and equipment	Employee entitlements	Derivatives	Other provisions	Group tax losses	Total
Balance at 1 April 2012	(5,744,538)	127,760	118,962	(177)	0	(5,497,993)
Charged to income	19,210	(5,294)	(573)	947	0	14,290
Charged to other comprehensive income	(312,575)	0	0	0	0	(312,575)
Balance at 31 March 2013	(6,037,903)	122,466	118,389	770	0	(5,796,278)
Charged to income	76,475	(9,810)	(78,701)	(4,039)	0	(16,075)
Charged to other comprehensive income	0	0	0	0	0	0
Balance at 31 March 2014	(5,961,428)	112,656	39,688	(3,269)	0	(5,812,353)

11. Cash and cash equivalents

	Group 2014	Group 2013
Cash at bank and in hand	939,678	1,357,607
Bank overdraft (note 19)	0	0
Cash & cash equivalents in statement of cash flows	939,678	1,357,607

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

12. Trade and other receivables

	Group 2014	Group 2013
Trade receivables	1,000,338	821,252
Related party receivables	0	0
Sundry debtors	17,048	8,536
Prepayments	204,596	97,645
	1,221,982	927,433
Less provision for impairment of receivables	0	(3,229)
	1,221,982	924,204

Receivables aging	Group Actual 2014	Group Actual 2013
Not past due		
Past due 1-30 days	1,089,507	747,732
Past due 31-60 days	123,165	166,973
Past due 61-90 days	4,515	9,539
Past due over 90 days	4,795	(40)
	1,221,982	924,204

The carrying value of trade and other receivables approximates their fair value.

There is no concentration of credit risk with respect to receivables outside the group, as the group has a large number of customers.

There are no amounts in trade receivables that are in excess of 180 days.

13. Inventories

	Group 2014	Group 2013
Food stock	79,327	59,118
Beverage stock	85,479	86,915
Other	186,374	142,870
	351,180	288,903

Inventory is for commercial use and is consumable, not secured and not impaired.

14. Property, plant and equipment - group only

2014

	Land	Buildings	Leasehold furniture & fittings	Plant & equipment	Furniture & fittings	Work in progress	Total
Opening cost /valuation	10,600,000	25,962,968	9,673	2,874,189	4,194,017	46,862	43,687,709
Opening accum depreciation	0	(3,423,826)	(9,673)	(1,848,458)	(2,117,215)	0	(7,399,172)
Opening book value	10,600,000	22,539,142	0	1,025,731	2,076,802	46,862	36,288,537
Additions	0	419,822	0	259,821	328,024	3,227	1,010,894
Disposals	0	0	0	0	0	(46,862)	(46,862)
Depreciation expense	0	(526,708)	0	(191,978)	(218,794)	0	(937,480)
Impairment charges	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0
Closing cost /valuation	10,600,000	26,382,790	9,673	3,134,010	4,522,041	3,227	44,651,741
Closing accum depreciation	0	(3,950,534)	(9,673)	(2,040,436)	(2,336,009)	0	(8,336,652)
Closing book value	10,600,000	22,432,256	0	1,093,574	2,186,032	3,227	36,315,089

2013

	Land	Buildings	Leasehold furniture & fittings	Plant & equipment	Furniture & fittings	Work in progress	Total
Opening cost /valuation	10,570,000	24,402,302	9,673	2,790,723	4,460,150	0	42,232,848
Opening accum depreciation	0	(2,906,226)	(9,673)	(1,652,046)	(1,889,046)	0	(6,456,991)
Opening book value	10,570,000	21,496,076	0	1,138,677	2,571,104	0	35,775,857
Additions	0	36,805	0	55,584	58,760	46,862	198,011
Disposals	0	(15,063)	0	(6,778)	(9,158)	0	(30,999)
Depreciation expense	0	(517,600)	0	(196,412)	(228,169)	0	(942,181)
Impairment charges	0	0	0	0	0	0	0
Revaluation	30,000	1,538,924	0	34,660	(315,735)	0	1,287,849
Closing cost /valuation	10,600,000	25,962,968	9,673	2,874,189	4,194,017	46,862	43,687,709
Closing accum depreciation	0	(3,423,826)	(9,673)	(1,848,458)	(2,117,215)	0	(7,399,172)
Closing book value	10,600,000	22,539,142	0	1,025,731	2,076,802	46,862	36,288,537

Land and buildings carried at fair value
An independent valuation of the land and buildings was performed by Bower Valuations Limited, registered independent valuers, as at 31 March 2013. This valuation for the Waipuna Hotel & Conference Centre was completed using the discounted cash flow of rental income over a five year time horizon. The valuation for the Panmure Historic Hotel was done using a direct or simple rental income capitalisation. These methodology are acceptable estimates of fair value because similar businesses are traded at reasonably frequent intervals.

Property, plant and equipment carried at fair value
An independent valuation of the property, plant and equipment was performed by Bower Valuations Limited, as at 31 March 2013. This valuation was undertaken on all property, plant and equipment used in the delivery of accommodation and hospitality services provided by MWTHL.

The total fair value of property, plant and equipment valued by Bower Valuations Limited as at 31 March 2013 was $35.97M
Discounted cash flows are determined using a number of significant assumptions. Significant assumptions include:
* Estimating the appropriate discount and capitalisation rates
* Estimating the trading performance over the coming 5 years based on historic trends

15. Intangible assets - group only

Computer software

	Group 2014	Group 2013
Opening cost	78,133	78,133
Opening accum amortisation	(73,947)	(68,936)
Opening book value	4,186	9,197
Additions	0	0
Disposals	0	0
Amortisation expense	(3,616)	(5,011)
Impairment expense	0	0
Closing cost	78,133	78,133
Closing accum amortisation	(77,563)	(73,947)
Closing book value	570	4,186

16. Other financial assets

	Trust 2014	Trust 2013	Group 2014	Group 2013
Investment in MWTHL				
- ordinary shares	12,000,000	12,000,000	0	0
- redeemable preference shares	2,000,000	2,000,000	0	0
Investment in KERI	48,025	41,541	0	0
Loan to MWTHL (Note 27)	676,269	678,790	0	0
Loan to KERI (Note 27)	142,830	143,362	0	0
	14,867,124	14,863,693	0	0

\# MWLT has made an interest free loan to MWTHL with a face value of $710,218 (2013: $710,218) that is secured over the Waipuna Hotel and Conference Centre. The loan is supported by a certificate of indebtedness stating the loan is repayable on demand, but subject to MWTHL's first mortgagor's consent.
At 31 March 2014 the on demand conditions have been waived by the lender for a period of 12 months.

The MWLT loan to MWTHL has been discounted for a 12 month period which is the earliest possible repayment term.
The fair value of the loan as at 31 March 2014 is $676,269 (2013: $678,790).

\# MWLT has made an interest free loan to KERI with a face value of $150,000 that is unsecured.
The loan is supported by a certificate of indebtedness stating the loan is repayable on demand.
At 31 March 2014 the on demand conditions have been waived by the lender for a period of 12 months.

The MWLT loan to KERI has been discounted for a 12 month period which is the earliest possible repayment term.
The fair value of the loan as at 31 March 2014 is $142,830 (2013: $143,362).

\# The investment in KERI has been discounted to the net equity value recognised in the KERI audited accounts.

17. Trade and other payables

	Group 2014	Group 2013
Trade payables	649,668	460,325
Deposits and bonds	48,030	49,946
Accrued expenses	603,712	667,641
Income tax payable	56,159	58,278
	1,357,569	1,236,190

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

18. Employee benefit liabilities

	Group 2014	Group 2013
Current		
Accrued pay	123,050	130,191
Annual leave	345,409	377,427
Long service leave	19,186	27,508
Non current		
Long service leave	15,373	10,070
	503,018	545,196

19. Borrowings

	Trust 2014	Trust 2013	Group 2014	Group 2013
Current				
Bank overdraft	0	0	0	0
Finance leases	0	0	0	0
Secured loans	0	0	39,286	78,571
Secured bonds	0	0	0	0
Total current borrowings	0	0	39,286	78,571
Non Current				
Finance leases	0	0	0	0
Secured loans	0	0	12,250,000	12,389,285
Secured bonds	0	0	0	0
Secured related party loans (Note 27)	0	0	0	0
Unsecured related party loans (Note 27)	2,415,235	2,424,238	0	0
	2,415,235	2,424,238	12,250,000	12,389,285

The majority of the MWLT group's borrowings are through MWTHL. The relevant company has been detailed as part of the explanation for each loan.

Bank facility

MWTHL has a banking arrangement with ASB Bank with a total available loan facility of $14,000,000 secured over land and land improvements.

At balance date $12,250,000 had been drawn on the facility with a combination of fixed and floating elements. There are no repayments required under the loan facility although MWTHL continues to budget repayments where cash flows allow.

The total loan is due to be repaid in September 2015, although the terms under which the loan was signed state that the loan will be reviewed annually in order to maintain a maturity profile of 2 years.

The loan with ASB has three reporting covenants and two financial covenants. The reporting covenants include the quarterly provision of signed Directors' Certificates, the annual provision of company budgets and the annual provision of audited accounts. The financial covenants are the maintenance of a loan to valuation ratio not exceeding 50% and an interest coverage ratio (interest expense to EBITDA) of greater than or equal to 2.00 times.

Floating rate debt

The floating interest rate is set quarterly at the lenders corporate indicator rate +1.89% (2013: +1.95%) except where MWTHL and the lender agree to a fixed term interest rate. During the year the floating debt was converted in to a combination of fixed and floating debt.

Principal amount	Interest rate	Maturity
$250,000	5.02%	21-Jun-14

Fixed rate debt

Interest expense is a potential area of risk and is actively managed by MWTHL. During the year swaps held were reviewed and extended to take advantage of the lower rates available.

Principal amount	Interest rate	Maturity	Notes
$3,000,000	6.04%	Jun 2016	This was a new swap
$3,000,000	6.43%	Sep 2014	A drop in the corporate indicator rate was the only change.
$6,000,000	6.96%	Mar 2016	A drop in the corporate indicator rate was the only change.

Interest free debt

\# MWTHL has an interest free loan from NZ Breweries of $39,286 (2013 $117,857) which ranks second to the bank loans. The loan was secured under a "solus" agreement which binds MWTHL to a supply agreement exclusively with NZ Breweries. The term of the loan is based on beverage consumption and a fixed term of seven years.

The NZ Breweries loan has been valued at face value because the terms are exclusive supply.

\# MWLT has an interest free loan from MWCT with a face value of $2,536,480 (2013: $2,536,480) which is unsecured. The loan is supported by a certificate of indebtedness stating the loan is repayable on demand. At 31 March 2014 the on demand conditions have been waived by the lender for a period of 12 months.

The MWCT loan to MWLT has been discounted for a 12 month period which is the earliest possible repayment term. The fair value of the loan as at 31 March 2014 is $2,415,235 (2013: $2,424,238).

Security
Security for all secured loans is by mortgage over the Waipuna Hotel and Conference Centre and the Panmure Tavern.

20. Equity

	Trust 2014	Trust 2013	Group 2014	Group 2013
Retained earnings				
Opening balance	12,439,455	12,400,208	9,018,045	9,201,950
Surplus/(deficit) for the year	12,434	39,247	329,434	66,095
Other adjustments to equity	0	0	0	0
Deferred tax gains / (losses) taken to reserves	0	0	0	0
Less revaluation loss taken to equity	0	0	0	(250,000)
Closing balance	12,451,889	12,439,455	9,347,479	9,018,045
Reserves				
Revaluation Reserve				
Opening balance	0	0	10,359,793	8,963,455
Asset revaluation movement	0	0	0	(141,373)
Charged to equity	0	0	0	1,537,711
Closing balance	0	0	10,359,793	10,359,793
Deferred Tax Reserve				
Opening balance	0	0	(982,742)	(670,167)
Charged to profit and loss	0	0	0	0
Charged to equity	0	0	0	0
Deferred tax gains / (losses) taken to reserves	0	0	0	(312,575)
Closing balance	0	0	(982,742)	(982,742)
Total Reserves				
Opening balance	0	0	9,377,051	8,293,288
Asset revaluation movement	0	0	0	(141,373)
Charged to equity	0	0	0	1,537,711
Effect on deferred tax for movement in revaluation reserve	0	0	0	0
Deferred tax gains / (losses) taken to reserves	0	0	0	(312,575)
Closing balance	0	0	9,377,051	9,377,051
As at 31st March	0	0	9,377,051	9,377,051
Total closing equity	12,451,889	12,439,455	18,724,530	18,395,096

Reserves
The revaluation reserves allows the asset base to be reflected at fair value. Revaluations are performed three yearly and the next valuation is due in 2016/17.

The deferred tax reserve recognises the difference in the carrying value of the company's assets and the equivalent tax carrying value.

Subsidiaries
MWTHL is a 100% owned subsidiary of MWLT and was incorporated on the 11th of November 1988. The company was incorporated with 12,000,000 ordinary shares and 2,000,000 redeemable preference shares. All 14,000,000 shares are fully paid as at 31 March 2014.

KERI is a 100% owned subsidiary of MWLT and was incorporated on the 10th of July 1984. MWLT purchased 100,000 ordinary shares for the company on the 16th of August 2005. The shares were purchased for $171,787. All 100,000 ordinary shares are fully paid as at 31 March 2014.

MWCT is a Charitable Trust that is deemed to be controlled by MWLT under NZ IFRS 10: *Consolidated Financial Statements.*

MWFL is a 100% owned subsidiary of MWCT and was incorporated on 8 April 2008. The company was incorporated with 10,000 ordinary shares; all fully paid as at 31 March 2014.

21. Reconciliation of net surplus / (deficit) before tax to net cash flow from operating activities

	Trust 2014	Trust 2013	Group 2014	Group 2013
Surplus/(deficit) before tax	0	0	500,741	148,993
Add/(less) non-cash items:				
Depreciation and amortisation	0	0	941,095	947,192
Loss/(gain) on sale of assets	0	0	0	0
Derivative financial instruments	0	0	(281,077)	(2,045)
Discounted interest free loan	0	0	0	0
Revaluation decrement	0	0	0	(141,373)
Add/(less) items classified as investing or financing activities:				
Repayment of finance leases	0	0	0	0
Add/(Less) movements in working capital items:				
(Increase)/Decrease in Accounts Receivable	0	0	(166,477)	(88,365)
(Increase)/Decrease in Inventory	0	0	(62,277)	7,133
Increase/(Decrease) in Accounts Payable	0	0	128,942	(25,994)
Increase/(Decrease) in Interest Payable	0	0	0	0
(Increase)/Decrease in Prepayments	0	0	(106,951)	22,722
Increase/(Decrease) in GST Payable	0	0	(27,229)	285
Net cash inflow/(outflow) from operating activities	0	0	926,767	868,548

22. Related party transactions

Gaming activities

MWFL paid the following amounts to companies within the MWLT group	Group 2014	Group 2013
Gaming machine site rental paid to MWTHL	115,445	105,397
Gaming machine site rental paid to Keri	121,263	123,883
	236,708	229,280

The amounts paid for site rental are restricted by Department of Internal Affairs regulations which include formal contracts and regular reviews. There was nil outstanding at year end (2013: nil).

Subsidiary transactions and balances
Keri paid rental income to MWTHL of $82,680 (2013: $82,680).

MWFL reimbursed MWTH for Directors' expenses and remuneration paid to Directors of MWFL $40,489 (2013: $40,312).

The net amount transacted in the year from MWTHL to Keri was $171,393 loss to Keri (2013: $193,672 loss). There was a payable at year end from Keri to MWTHL of $11,938 (2013: $28,908).

A charitable donation was made from MWTHL to MWCT of $100,000 (2013: nil). There are no formal arrangements in place for charitable donations to be made on a regular basis.

The audit fees for MWLT were recognised in the accounts for MWTHL for $11,000 (2013:$11,000) . Because the amount is immaterial it was decided not to adjust the intercompany loan between MWLT and MWTHL.

Keri losses
MWTHL purchased tax losses from Keri to March 2013 by agreed subvention payment for $191,472 (2013: $366,689). A further subvention payment is expected for the March 2014 year for $184,759. MWTHL has not accrued this because no formal agreement has been signed.

Related party loans
Related party loans are carried at net present value for twelve months.
The discount rate is adjusted annually and is calculated based on the prevailing loan rate, inclusive of any contracted margin charged by the ASB Bank to MWTHL. The rate at 31 March 2014 was 5.02% (2013: 4.63%).

MWLT has an interest free loan from the MWCT with a face value of $2,536,480 (2013: $2,536,480). Refer note 18 for further details.

MWTHL has an interest free loan from the Mt Wellington Charitable Trust (MWCT) with a face value of $3,914,077 (2013: $3,914,077) which ranks third and is secured over the Waipuna Hotel and Conference Centre. The loan is supported by a certificate of indebtedness stating the loan is repayable on demand, but subject to the first mortgagor's consent. At 31 March 2014 the on demand conditions have been waived by the lender for a period of 12 months.

The MWCT loan to MWTHL has been discounted for a 12 month period which is the earliest possible repayment term. The fair value of the loan as at 31 March 2014 is $3,726,982 (2013: $3,740,874).

MWTHL has an interest free loan from MWLT with a face value of $710,218 (2013: $710,218) Refer note 15 for further details.

The movements for 2014 and 2015 of the trust and group related party loans comprises:
- the fair valuing of the interest free related party loans, at year end, covering the next financial year; and
- the unwinding of discounted interest during the current financial year.

The comparative figures have been aligned to show comparison to the related 2014 revenue and expenditure figures. The alignment in 2013 is summarised as follows:

	as originally Trust	adjustment	as restated Trust	as originally Group	adjustment	as restated Group
REVENUE						
Accommodation	0		0	5,054,877		5,054,877
Food & beverages	0		0	8,431,408		8,431,408
Gaming income	0		0	2,056,365		2,056,365
Fair value adjustment on related party lo	0	301,485	301,485	0	0	0
Other Income	0		0	293,007		293,007
Finance income	42,718	(1,177)	41,541	0		0
TOTAL REVENUE	42,718	300,308	343,026	15,835,657	0	15,835,657
LESS EXPENSES						
Cost of Sales	0		0	2,583,842		2,583,842
Employee benefit expenses	0		0	6,133,041		6,133,041
Depreciation and amortisation	0		0	947,192		947,192
Revaluation decrement	0		0	(141,373)		(141,373)
Grants	0		0	964,089		964,089
Fair value adjustment on related party lo	0	303,779	303,779	0	0	0
Other Expenses	0		0	4,279,471		4,279,471
Finance costs	3,471	(3,471)	0	920,402	0	920,402
TOTAL EXPENSES	3,471	300,308	303,779	15,686,664	0	15,686,664
OPERATING SURPLUS (DEFICIT)	39,247	-	39,247	148,993	0	148,993
INCOME TAX EXPENSE	0		0	(82,898)		(82,898)
OPERATING SURPLUS (DEFICIT)	39,247		39,247	66,095		66,095
OTHER COMPREHENSIVE INCOME						
Revaluation gain	0		0	1,146,338		1,146,338
Tax on asset revaluations	0		0	(312,575)		(312,575)
TOTAL OTHER COMPREHEN INCOM						
TOTAL COMPREHENSIVE INCOM	39,247		39,247	899,858		899,858

As both income and expense have increased by the same amount there is no change to Total Comprehensive Income.
There are no changes or realignment to the 2013 Statement of Financial Position.
There are no changes or realignment to the 2013 Cash Flow Statement.

MWTHL Director Robert Nelson is employed in the role of Financial Controller at Auckland Council and Leila Boyle and Alan Verrall are local board members. All transactions throughout the financial year are at an arms length basis. The total amount transacted for the year was $254,463 (2013: $184,562) with $27,846 an outstanding liability at year end.

MWTHL General Manager is a Director of Mainstay Hotels, which is a related party. The company transacted $6,155 expenses with Mainstay during the year, and had no outstanding liabilities at year end (2013: $6,420, $513.00).

MWTHL absorbs costs for the MWLT but these are considered to be immaterial. The main cost absorbed was audit fees of $11,500 (2013: $11,500).

KERI has an interest free loan from MWLT with a face value of $150,000 (2013: $150,000) Refer note 16 for further details.

23. Key management personnel

MWLT Trustees' fees, paid or due and payable during the year, including $3,000 paid to the President, was $3,000 (2013: $3,000). This cost was absorbed by MWTHL.

All MWLT Trustees' fees and expenses were paid through MWTHL.

24. Commitments

	Group 2014	Group 2013
Total minimum lease payments are payable		
Not later than one year	391,761	77,381
Later than one year and not later than five years	1,375,912	38,267
Later than five years	2,024,586	0
	3,792,259	115,648

Leases as Lessor

MWTHL leases out one shop on its property and leases space for gaming machines. The future minimum payments under non-cancellable leases are as follows:

	Group 2014	Group 2013
Present value of minimum lease payments		
Not later than one year	146,975	90,742
Later than one year and not later than five years	24,500	0
Later than five years	0	0
	171,475	90,742

Capital commitments

MWTHL has capital commitments of nil (2013: nil).

25. Finance leases

MWTHL has entered into finance leases for various items of plant and equipment. The net carrying amount of the leased items is shown as a separate class of asset in note 14.

The finance leases can be renewed at MWTHL's option, with rents set by reference to current market rates for items of equivalent age and condition. MWTH does have the option to purchase the asset at the end of the lease term.

There are no restrictions placed on MWTHL by any of the finance leasing arrangements.

26. Contingencies

MWLT and group has no contingent assets or liabilities (2013: nil).

27. Financial instruments

Financial instrument categories

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

	Trust 2014	Trust 2013	Group 2014	Group 2013
Financial assets				
Loans & receivables				
Cash and cash equivalents	0	0	939,678	1,357,607
Trade and other receivables	0	0	1,012,375	924,203
Other financial assets	819,099	822,152	0	0
	819,099	822,152	1,952,053	2,281,810
Financial liabilities				
Fair value through profit and loss - held for trading				
Derivative financial instruments	0	0	141,742	422,819
Financial liabilities at amortised cost				
Trade and other payables	0	0	1,102,599	943,713
Borrowing	2,415,235	2,424,238	12,289,286	12,467,856
	2,415,235	2,424,238	13,391,885	13,411,569

Financial instrument risks

Fair value interest rate risk
Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Derivatives, being floating to fixed interest rate swaps issued at fixed rates of interest, expose the MWLT group to fair value interest rate risk.

The group manages this risk by spreading the term of its swaps and seeking options to reduce swap rates where ever possible. A 'blend and extend' mechanism was used to achieve this for two of the larger swaps in the March 2013 year. A portion of the floating debt was also converted to a fixed term swap during the year.

Cash flow interest rate risk
Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings issued at variable interest rates expose the group to cash flow risk. Generally, the group raises long-term borrowings at floating rates and swaps them into fixed rates using interest rate swaps in order to manage the cash flow interest rate risk. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if the group borrowed at fixed rates directly. Under the interest rates swaps, the group agrees with other parties to exchange, at specified intervals, the difference between fixed contract and floating- rate interest amounts calculated by reference to the agreed notional principle amounts.

Sensitivity analysis: As at 31 March 2014, if the 90-day bank bill rate had been 50 basis points higher or lower, with all other variables held constant, the surplus / deficit for the year would have been $61,250 (2013: $61,946) lower or higher. This movement is attributable to a continued policy of gradual debt reduction.

Credit risk
Credit risk is the risk that a third party will default on its obligation to the group, causing the group to incur a loss. The group's maximum credit risk is to its loans and receivables as described in Financial Instrument Categories earlier in this note.

The group manages credit risk by carefully monitoring debt collection and credit limits.
The group has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Cash and cash equivalents are currently with counterparties with -AA credit ratings (2013: -AA).

Trade and other receivables mainly arise from the group's trading activities and are usually repaid within 30 days. There are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to external credit ratings. the group has no significant concentrations of credit risk in relation to trade and other receivables, as it has a large number of credit customers.

Liquidity risk
Liquidity risk is the risk that the group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. the group aims to maintain flexibility in funding by keeping committed credit lines available.

The group manages its borrowing by maintaining a sufficient buffer on its bank lending facility to cover any short term liquidity requirements.

Trust - 2014	**Less than 1 year**	**1-2 years**	**2-5 years**	**More than 5 years**	**Total contractual cash flows**	**Total carrying amount**
Financial Assets						
Loan to MWTHL (Note 16)	0	676,269	0	0	676,269	676,269
Loan to KERI (Note 16)	0	142,830	0	0	142,830	142,830
	0	819,099	0	0	819,099	819,099
Financial Liabilities						
Borrowings (Note 19)	0	2,415,235	0	0	2,415,235	2,415,235
	0	2,415,235	0	0	2,415,235	2,415,235

Trust - 2013	**Less than 1 year**	**1-2 years**	**2-5 years**	**More than 5 years**	**Total contractual cash flows**	**Total carrying amount**
Financial Assets						
Loan to MWTHL (Note 16)	0	678,790	0	0	678,790	678,790
Loan to KERI (Note 16)	0	143,362	0	0	143,362	143,362
	0	822,152	0	0	822,152	822,152
Financial Liabilities						
Borrowings (Note 19)	0	2,424,238	0	0	2,424,238	2,424,238
	0	2,424,238	0	0	2,424,238	2,424,238

Group - 2014	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total contractual cash flows	Total carrying amount
Financial Assets						
Cash and cash equivalents (Note 11)	939,678	0	0	0	939,678	939,678
Trade and other receivables (Note 12)	1,216,971	0	0	0	1,216,971	1,216,971
	2,156,649	0	0	0	2,156,649	2,156,649
Financial Liabilities						
Trade and other payables (Note 17)	1,158,759	0	0	0	1,158,759	1,158,759
Derivative financial instruments	136,565	113,211	0	0	249,776	141,742
Borrowings (Note 19)	3,894,506	6,315,133	3,034,246	0	13,243,885	12,289,286
	5,189,830	6,428,344	3,034,246	0	14,652,420	13,589,787

Group - 2013	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total contractual cash flows	Total carrying amount
Financial Assets						
Cash and cash equivalents (Note 11)	1,357,607	0	0	0	1,357,607	1,357,607
Trade and other receivables (Note 12)	920,178	0	0	0	920,178	920,178
	2,277,785	0	0	0	2,277,785	2,277,785
Financial Liabilities						
Trade and other payables (Note 17)	1,001,991	0	0	0	1,001,991	1,001,991
Derivative financial instruments	184,065	146,061	0	0	330,126	422,819
Borrowings (Note 19)	6,804,977	6,188,089	0	0	12,993,066	15,035,457
	7,991,033	6,334,150	0	0	14,325,183	16,460,267

28. Capital Management

The MWLT group's capital includes share capital, reserves and retained earnings.

The group's policy is to maintain a strong capital base to retain creditor and bank confidence and to sustain future development of the business. The impact of the level of capital on the shareholder's returns is also recognised, as is the need to maintain a balance between higher returns that might be possible with higher gearing and the advantages and security afforded by a strong capital position.

The group is not subject to any externally imposed capital requirements.

The allocation of capital between MWLT group's operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated.

There have been no material changes in the group's management of capital during the period.

29. Events after balance date

There were no significant events after the balance sheet date.

30. Legislative compliance

Section 334 of the Sale and Supply of Alcohol Act 2012 requires financial statements to be prepared within five months of balance date. The financial statements were prepared after the statutory deadline. The same section also requires the accounts to be published as soon as practicable after the completion of the audited accounts. This still has not been complied with for the March 2013 accounts.