



# Mount Wellington Licensing Trust

## ANNUAL REPORT

For financial year April 2021 – March 2022

It is in unusual circumstances that we present to the Minister of Justice and the residents of the Mount Wellington Licensing Trust area the Annual Report for the year ended 31 March 2022.

It is normal practice to present the Annual Report at an AGM in September of the same calendar year. However, the COVID-19 pandemic reaching New Zealand in March 2020 meant that was not possible. Lack of resource within Audit New Zealand impacted on their ability to complete a timely audit for both the 2020 and 2021 financial years. These delays meant that our newly appointed auditors RSM Hayes could not commence the audit of our 2022 accounts until the end of 2022. We are pleased to now be able to present the 2022 accounts; and thank you for your understanding.

After three years of COVID-induced delays we expect to be back to a normal timeline for the March 2023 accounts. Please note that the commentary and information in this report relate solely to the March 2022 financial year.

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## **Elected Members of the Mount Wellington Licensing Trust for the year ending 31 March 2022:**

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Ms N Henry (President from May 2021)	Dr M Benson-Rea
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Mr A Verrall (President until May 2021)	Ms J Dolheguy
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Mr M Gosche	Ms T Batucan
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Chief Executive: Mr B Robinson

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# Trading Report

As shared in the 2021 Annual Report, the Mount Wellington Licensing Trust ended the March 2021 year in a high level of uncertainty; the country was in the midst of the COVID-19 pandemic which was having a devastating effect on the tourism, accommodation and hospitality sectors on which our businesses rely. The Waipuna Hotel was fortunate to have a contract to deliver services as a Managed Isolation Facility (MIF), but our tavern and conference businesses in Panmure and Highbrook were severely impacted by lockdown enforced closures and highly uncertain trading conditions. This was the environment in which we entered the March 2022 financial year.

With such a high level of uncertainty, it was with caution that we planned for the March 2022 financial year. It was evident that whenever the pandemic subsided, there would be a long recovery for the Trust due to its complete reliance on the hospitality sector. For these reasons cost control and debt repayment remained the focus of the board and management.

FY22 was a year of extremes. From April to August there was a feeling in the wider community that we may have got through the worst of the pandemic. Businesses were open and the vaccine rollout was underway. That all changed on 17 August 2021, when the Delta COVID-19 variant reached New Zealand, returning the entire country to strict Level 4 lockdown. Little did we know that it would be almost four months before these restrictions eased in Auckland.

Somewhat ironically the fact we were delivering the MIF contract meant that it was largely 'business-as-usual' at Waipuna from August – December 2021. That said, our people were working under very strict safety protocols and certainly went above and beyond in the work they did for the Trust and New Zealand. During this time the MIF contract was extended to the middle of 2022 providing short-term financial security to manage the organisation through this stage of the pandemic.

With the hospitality sector in Auckland mothballed for this period, it cannot be overstated the extent to which Mount Wellington Licensing Trust's survival was due to the Managed Isolation Facility contract. This contract enabled us to keep all our people across our businesses employed. It would not be an overstatement to say that without this contract the organisation would have struggled to survive. The extent to which we owe all our staff involved during this period a debt of gratitude should always be remembered.

The board and management undertook a huge amount of work to understand and forecast how the post-pandemic recovery of the hospitality and accommodation sectors might look, and what this could mean for the longer-term future of the Waipuna Hotel and Conference Centre, on which Mount Wellington Licensing Trust is financially reliant. The outcome of this work, supported through peer review by hospitality industry experts, clearly indicated that the road to sustainable profitability is likely to be a long one.

## QUEENS ROAD

The Corner Bar traded through the April – August 2021 period, slowly recovering from the various lockdowns of the previous 12 months. The team did a great job of re-establishing the business and managing costs as best they could to get the business back on its feet. Of course, the business was then completely closed for the duration of the August – December Auckland lockdown during which time we were thankful to be able to support our people during this period. The team did a great job of re-opening The Corner Bar in December 2021, and we thank them immensely for the work they did in rebuilding the business across the remaining months of the financial year.

## HIGHBROOK

Our Highbrook Conference business was also significantly impacted by the August – December Auckland lockdown, with gathering restrictions in place until early 2022 continuing to make things very challenging at this site. Most organisations book conferences and meetings many months in advance so this sector of our business is also expected to take a long time to rebuild.

## In Summary and Looking Ahead

After such a challenging 2021 we would not have foreseen that 2022 would see us operating under the continued levels of uncertainty for another year that was, in some respects, more challenging due to the extended Auckland lockdown. The MIF contract provided short-term financial security and during that time, the board and management spent a significant amount of time planning for the financial reality of what may lie beyond the MIF contract and the pandemic. It was amid these challenging circumstances that the Trust focused on debt repayment to give the organisation the strongest financial footing possible for the future.

We end the March 2022 financial year and head into the next having navigated another turbulent twelve months, and still exposed to hospitality and accommodation sector conditions that would have seen us make significant losses if not for the MIF contract. No one can predict what the recovery of the hospitality sector will look like, let alone the broader market conditions the recovery will be set within. Despite this, there is consensus that it will be many years before trading levels approach pre-COVID levels, if indeed they ever do.

Your Trustees remain committed to navigating Mount Wellington Licensing Trust through these unprecedented times and to ensuring the organisation has a long, bright future generating the greatest possible returns from our assets so that we can support great causes in our local neighborhoods through community giving.

**With warm regards,**

**THE TRUSTEES**

Mt Wellington Licensing Trust

# Community Giving

## MOUNT WELLINGTON LICENSING TRUST – GRANTS COMMITTEE

In the 2021 Annual Report we shared our decision to outsource the management of the gaming machines at The Corner Bar to the Lion Foundation. This removed significant administrative and compliance costs associated with running a gaming trust while continuing to ensure that the funds go to local organisations. Grant decisions are made by a Grants Committee that consists solely of Mount Wellington Licensing Trust elected Trustees.

Funds available to grant are directly related to the level of use of the gaming machines. With the Corner Bar closed for over 110 days this financial year, funds available for distribution were severely impacted.

In addition to Lion Foundation distributing \$363,859, Mount Wellington Foundation Limited distributed \$106,669 of final net proceeds in the process of winding up. A list of grant recipients of the combined total funds distributed of \$469,376 is included as an appendix to this Annual Report.

## MOUNT WELLINGTON CHARITABLE TRUST

Mount Wellington Charitable Trust (MWCT) distributions are reliant solely on profits generated by Mount Wellington Trust Hotels' businesses, all of which operate in the hospitality sector. With all the Trust's businesses so severely impacted by the pandemic and with such a challenging outlook, there were limited grants made by the MWCT in the 2022 year.

With Auckland in a strict lockdown from August – December 2021 we were unable to hold the very popular Senior Citizens Christmas luncheons that Mount Wellington Charitable Trust has funded for many years. However, it remained important to our Trustees that we continue to support our senior citizens as well as other people in need during the festive season. In lieu of the Christmas luncheons the Trust supported the following organisations, all of whom do great work in our local community:

Age Concern	\$10,000
Aotearoa Tonga Relief Committee	\$5,000
Communicare	\$10,000
Kai Collective	\$10,000
Lalaga	\$5,000
Life NZ	\$5,000
Panmure Business Association	\$5,000

Mount Wellington Charitable Trust will continue to make donations to community initiatives to the extent that funds allow, noting that the organisation is wholly dependent on the performance and profits of Mount Wellington Trust Hotels.

Appendix

## Mount Wellington Foundation Ltd Donations

For the year ended 31 March 2022

		\$
Communicare	Face masks	4,854
Dunkirk Road Activity Centre	Holiday program equipment	4,304
Habitat for Humanity Northern Region	Blankets & tables	9,000
Hearing House Services Ltd	IT equipment	15,000
Maungarei Community Christian Trust	Salaries	30,000
Mount Wellington Charitable Trust	Donation of residual funds	1,326
Mt Wellington Softball Club	Fees, uniforms & equipment	5,000
New Zealand Sport Fishing Council	Trailer electrical installation	5,000
Order of St John Northern Region Trust Board	Defibrillators	16,537
Scale Marine Modellers Inc	Building purchase & renovations	11,848
Sports Implementation Foundation		3,800
		<b>106,669</b>

Appendix

## Lion Foundation Community Donations

For the year ended 31 March 2022

		\$
<b>Auckland Observatory &amp; Planetarium Trust Board</b>	Salaries	3,000
<b>Auckland Softball Assn Inc</b>	Van Hire & Travel	3,000
<b>Bailey Road School</b>	Synthetic turf, fencing & security equipment	30,000
<b>Communicare - Civilian Maimed Assn (Auckland) Inc</b>	Salaries & Operating Expenses	10,000
<b>Dunkirk Road Activity Centre Inc</b>	Furniture	9,700
<b>Ellerslie Assn Football Club Inc</b>	Salaries	25,000
<b>Ellerslie Theatrical Soc Inc</b>	Venue Hire	15,000
<b>Ellerslie Toy Library Inc</b>	Rent	3,400
<b>Glen Innes Family Centre Charitable Trust</b>	Rent	22,065
<b>Glen Innes Food Bank</b>	Food	20,000
<b>Glen Innes Playcentre</b>	Play Equipment	2,000
<b>Graeme Dingle Foundation Auckland</b>	Salaries	10,000
<b>Kidney Kids of N Z Inc</b>	IT Equipment	2,386
<b>Life Education Trust Auckland Central Inc</b>	Salaries	10,000
<b>Marian Early Childhood Centre</b>	Play Equipment	5,051
<b>Marist Brothers Old Boys Rugby Club Auckland Inc</b>	Sports Equipment	5,030
<b>Maungarei Community Christian Trust</b>	Salaries	36,000
<b>Millennium 21 Trust Board</b>	Salaries	10,000
<b>Mt Wellington Rugby Football Club</b>	Sports Equipment	2,104
<b>One Tree Hill College</b>	Coaching Costs	20,000
<b>Outward Bound Trust of N Z Inc</b>	Salaries	34,286
<b>Panmure Combined Probus</b>	Coach Trip	2,576
<b>Panmure Squash Rackets Club Inc</b>	Health & Safety Equipment	2,495
<b>Royal N Z Plunket Trust - Mt Wellington</b>	Parenting Support Programmes	2,500
<b>Ruapotaka Primary School</b>	IT Equipment	7,244
<b>St Pauls College (Ponsonby)</b>	Sports Equipment	928
<b>Stanhope Road School</b>	Drinking fountains	20,880
<b>StarJam Charitable Trust</b>	Tutor Fees, Venue Hire & Equipment	4,214
<b>Y M C A North Inc</b>	Multiball Units & Pool Hoist	45,000
		<b>363,859</b>

# Mount Wellington Licensing Trust

## GROUP ACCOUNTS

For year ended 31 March 2022

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## ENTITY INFORMATION

as at 31 March 2022

### Registered Office:

Room 701, 58 Waipuna Road  
Mount Wellington  
Auckland, 1060

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### Trustees:

Mr T Elliot (Appointed President 31 Oct 2022)  
Ms T Batucan (Re-appointed as Vice President 31 Oct 2022)  
Ms N Henry (President to 15 Oct 2022 & appointed Trustee 31 Oct 2022)  
Mr M Pepper (Appointed Trustee 31 Oct 2022)  
Mrs T Elliot (Appointed Trustee 31 Oct 2022)  
Mr T Vili (Appointed Trustee 31 Oct 2022)  
Dr M Benson-Rea (Term ended 15 Oct 2022)  
Mr M Gosche (Term ended 15 Oct 2022)  
Mrs J Dolheguy (Term ended 15 Oct 2022)  
Mr A Verrall (Term ended 15 Oct 2022)

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### Auditors:

RSM Hayes Audit

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### Bankers:

ASB Bank

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### Solicitors:

Wynyard Wood  
PO Box 204-231  
Auckland, 2161

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### Date of Incorporation:

Not applicable as created under statute

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### Nature of Business

Licensing Trust

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## MOUNT WELLINGTON LICENSING TRUST

**Consolidated Statement of Comprehensive Income**

For the year ended 31 March 2022

	Note	2022 \$	2021 \$
Food & Beverage		5,222,401	5,806,016
Accommodation		9,207,833	6,967,812
Gaming Machine Venue Hire & Proceeds		187,624	1,398,635
Interest received		2,894	8,966
Cost of Sales		(1,684,901)	(1,814,885)
<b>GROSS PROFIT</b>		<b>12,935,852</b>	<b>12,366,545</b>
Other Income	4	573,153	1,690,325
Employee Benefits		(5,641,827)	(6,070,692)
Depreciation & Amortisation		(1,090,068)	(1,291,795)
Donations		(180,517)	(823,578)
Finance Costs	6	(178,816)	(295,812)
Other Operating Costs	5	(2,913,902)	(3,200,518)
<b>PROFIT/(LOSS)BEFORE INCOME TAX</b>		<b>3,503,874</b>	<b>2,374,474</b>
Income Tax Expense	15	(1,065,132)	(720,863)
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>		<b>2,438,742</b>	<b>1,653,611</b>
<b>OTHER COMPREHENSIVE INCOME:</b>			
Revaluation gain	13	-	47,103,800
Other Comprehensive Income for the Year		-	47,103,800
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>2,438,742</b>	<b>48,757,411</b>

The accompanying notes on pages 12 to 24 from part of these financial statements

MOUNT WELLINGTON LICENSING TRUST

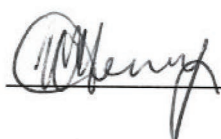
## Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

Note	2022 \$	2021 \$
<b>EQUITY AT THE START OF THE YEAR</b>	85,890,798	37,133,387
<b>SURPLUS &amp; REVLUATIONS</b>		
Profit/(Loss) after Tax	2,438,742	1,653,611
Total Other Comprehensive Income for the Year	-	47,103,800
<b>Total Comprehensive Income for the Year</b>	2,438,742	48,757,411
<b>EQUITY AT END OF YEAR</b>	<b>88,329,540</b>	<b>85,890,798</b>
<b>MOVEMENTS IN RETAINED EARNINGS</b>		
Retained Earnings at start of year	16,840,798	15,187,187
Total Comprehensive Income	2,438,742	1,653,611
Retained Earnings at End of Year	19,279,540	16,840,798
<b>MOVEMENTS IN RESERVES</b>		
<b>Balance at Start of Year</b>	69,050,000	21,946,200
Total Other Comprehensive Income for the Year	-	47,103,800
<b>Balance at End of Year</b>	69,050,000	69,050,000
	<b>88,329,540</b>	<b>85,890,798</b>

The accompanying notes on pages 12 to 24 from part of these financial statements

Signed for on behalf of the Trust on the 28th day of April 2023.



**President**  
**Nerissa Henry**



**Vice President**  
**Tania Batucan**

## MOUNT WELLINGTON LICENSING TRUST

**Consolidated Statement of Financial Position**

As At 31 March 2022

	Note	2022 \$	2021 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	677,697	1,667,014
Investments	16	-	400,000
Trade & other receivables	9	1,387,374	1,389,603
Prepayments		248,130	214,496
Assets held for sale		-	33,067
Inventories		91,418	155,745
<b>TOTAL CURRENT ASSETS</b>		<b>2,404,618</b>	<b>3,859,926</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	13	92,216,178	92,902,258
Intangible assets	12	10,312	28,758
Right of use assets	14	723,282	951,870
<b>TOTAL NON-CURRENT ASSETS</b>		<b>92,949,772</b>	<b>93,882,887</b>
<b>TOTAL ASSETS</b>		<b>95,354,390</b>	<b>97,742,812</b>
<b>CURRENT LIABILITIES</b>			
GST payable		124,896	183,620
Income tax payable		383,209	393,152
Trade and other payables	10	799,374	1,240,474
Employee Benefit Liabilities	11	485,688	417,239
Borrowings	17	640,000	4,840,000
Lease Liability	14	252,802	259,151
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,685,969</b>	<b>7,333,635</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	17	2,410,000	2,410,000
Lease Liability	14	643,308	893,380
Employee Benefit Liabilities	11	19,873	7,708
Deferred Tax Liability	15	1,265,700	1,207,291
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>4,338,881</b>	<b>4,518,379</b>
<b>TOTAL LIABILITIES</b>		<b>7,024,849</b>	<b>11,852,014</b>
<b>NET ASSETS</b>		<b>88,329,540</b>	<b>85,890,798</b>
Represented by:			
<b>EQUITY</b>			
Reserves		69,050,000	69,050,000
Retained earnings		19,279,540	16,840,798
<b>TOTAL EQUITY</b>		<b>88,329,540</b>	<b>85,890,798</b>

The accompanying notes on pages 12 to 24 form part of these financial statements

## MOUNT WELLINGTON LICENSING TRUST

**Consolidated Statement of Cash Flows**

For the year ended 31 March 2022

	Note	2022 \$	2021 \$
<b>Cash Flows from Operating Activities</b>			
<u>Cash was received from:</u>			
Receipts from customers		15,009,034	14,198,344
Donations Received		1,326	-
Interest received		2,894	8,966
Wage subsidies		36,718	1,095,290
		15,049,972	15,302,600
<u>Cash was paid to:</u>			
Payments to suppliers and employees		10,601,055	12,454,400
Interest paid		178,816	295,812
Net GST paid to IRD		58,725	24,016
Income tax paid		1,016,666	85,586
		11,855,262	12,859,813
<b>NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES</b>		<b>3,194,710</b>	<b>2,442,787</b>
<b>Cash Flows from Investing Activities</b>			
<u>Cash was received from:</u>			
Proceeds from sale of fixed assets		60,000	232,750
Maturity of Investments		400,000	-
		460,000	232,750
<u>Cash was paid to:</u>			
Purchase of fixed assets		187,607	77,384
Purchase of Investments		-	150,000
		187,607	227,384
<b>NET CASH INFLOW (OUTFLOW) FROM INVESTING ACTIVITIES</b>		<b>272,393</b>	<b>5,366</b>
<b>Cash Flows from Financing Activities</b>			
<u>Cash was received from:</u>			
Loan advances received		-	2,410,000
		-	2,410,000
<u>Cash was paid to:</u>			
Loan principal repayments		4,200,000	5,210,000
Lease Payments		256,421	238,888
		4,456,421	5,448,888
<b>NET CASH INFLOW (OUTFLOW) FROM FINANCING ACTIVITIES</b>		<b>(4,456,421)</b>	<b>(3,038,888)</b>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>		<b>(989,317)</b>	<b>(590,735)</b>
Cash and Cash Equivalents as at 1 April 2021		1,667,014	2,257,750
<b>Cash and Cash Equivalents as at 31 March 2022</b>	<b>8</b>	<b>677,697</b>	<b>1,667,014</b>

The accompanying notes on pages 12 to 24 from part of these financial statements

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

## 1. Statement of Accounting Policies

### REPORTING ENTITY

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

The Mount Wellington Licensing Trust group is comprised of the following entities:

- Mount Wellington Licensing Trust
- Mount Wellington Trust Hotels Limited
- Keri Corporation Limited
- Mount Wellington Charitable Trust
- Mount Wellington Foundation Limited (ceased 28 March 2022)

The group is primarily involved in hospitality, conferencing, accommodation and gaming activities within the Mount Wellington area.

These activities are conducted through the Mount Wellington Licensing Trust subsidiary entities with the intention of making a profit to enable distribution of available funds to community groups within the local area.

Mount Wellington Licensing Trust has therefore designated itself as a profit oriented entity for the purpose of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The consolidated financial statements of Mount Wellington Licensing Trust are for the year to 31 March 2022.

The consolidated financial statements have been approved and were authorised for issue by the Board of Trustees on the date as per page 9 of these financial statements.

### BASIS OF PREPARATION

These financial statements of the Mount Wellington Licensing Trust have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). Mount Wellington Licensing Trust is a for-profit entity for the purposes of complying with NZ GAAP. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime ("NZ IFRS RDR"), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS RDR.

Mount Wellington Licensing Trust is eligible and has elected to report in accordance with Tier 2 For-Profit Accounting Requirements (NZ IFRS RDR) on the basis that Mount Wellington Licensing Trust has no public accountability and is not large. In applying NZ IFRS RDR, Mount Wellington Licensing Trust has applied all available disclosure concessions.

The financial statements of Mount Wellington Licensing Trust have been prepared on an historical cost basis, except as noted otherwise below.

The information is presented in New Zealand dollars and all values are rounded to the nearest dollar.

## GOING CONCERN

These financial statements have been prepared on the basis that Mount Wellington Licensing Trust is a going concern.

## CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies. All policies have been applied on a consistent basis as used in previous years.

## SPECIFIC ACCOUNTING POLICIES

In the preparation of these financial statements, the specific accounting policies are as follows:

### (a) Basis of Consolidation

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

Mount Wellington Licensing Trust investment in its subsidiaries are carried at cost in Mount Wellington Licensing Trust's own financial statements.

### (b) Property, Plant & Equipment

The entity has the following classes of Property, Plant & Equipment:

Land	Not Depreciated
Buildings	10 to 100 years
Motor Vehicles	10 years
Furniture & Fittings	8 to 25 years
Plant & Equipment	4 to 12.5 years
IT Software - Intangibles	5 years

Buildings, furniture, motor vehicles, plant & equipment are recognised at cost. Land is carried at fair value determined by an independent valuer.

Any revaluation increase arising on the revaluation of land is credited to the revaluation reserve for that asset. Where this results in a debit balance in the individual asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the statement of comprehensive income 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.

Leased assets are depreciated over the unexpired term of the lease or over the estimated useful life, whichever is shorter.

Depreciation is provided on a straight-line basis on all property, plant and equipment except land, at rates that will write off the cost of the assets to their estimated residual values over their useful lives.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or services potential associated with the item will flow to Mount Wellington Licensing Trust 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.

### (c) Intangible Assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation is recognised on a straight-line basis over the useful life of the asset.

### (d) Leases

Mount Wellington Licensing Trust applies a single recognition and measurement approach for all assets, except for short term leases and leases of low-value assets. Mount Wellington Licensing Trust recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### Right of Use

Mount Wellington Licensing Trust recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the assets, as follows:

Buildings            10 Years

Motor Vehicles    3 Years

#### Lease Liabilities

At the commencement date of the lease, Mount Wellington Licensing Trust recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include payments of penalties for terminating the lease, if the lease term reflects Mount Wellington Licensing Trust exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

#### Short-term leases and leases of low-value assets

Mount Wellington Licensing Trust applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applied the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the term of the lease.

### (e) Impairment

At each reporting date, Mount Wellington Licensing Trust reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

An asset's recoverable amount is the higher of an asset or cost generating unit's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless that asset does not generate cash inflows that are largely dependent of those from other groups of assets.

If the recoverable amount of a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount.



#### **(f) Goods & Services Tax**

These consolidated financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are shown inclusive of GST.

#### **(g) Income Tax Expense**

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 used.

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 substantially enacted by balance date.

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

The Mount Wellington Licensing Trust group policy is that the tax losses incurred by Keri Corporation Ltd for an income tax year will be transferred through a 100% subvention payment by Mount Wellington Trust Hotels Ltd subject to Mount Wellington Trust Hotels Ltd generating sufficient taxable profits.

In the 2022 financial year, due to the planned amalgamation of Keri Corporation Ltd into Mount Wellington Trust Hotels Ltd no subvention agreement was entered into. Instead, a tax loss offset will be utilised between Keri Corporation Ltd and Mount Wellington Trust Hotels Ltd.

#### **(h) Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

#### **(i) Cash and Cash Equivalents**

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

#### **(j) Financial Instruments**

##### **Initial Recognition and Measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

## **Classification and Subsequent Measurement**

Financial instruments are subsequently measured at either fair value through Other Comprehensive Income (OCI), fair value through Profit or Loss, or at amortised cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties.

Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

The classification of financial assets at initial recognition depends on the contractual cash flow characteristics of the financial assets and the business model for managing them.

### **At amortised cost**

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrumental level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. Mount Wellington Licensing Trust's financial assets are held at amortised cost including cash and cash equivalents, accounts receivable, and related party current accounts.

### **Financial Assets at Fair Value through Profit and Loss**

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

### **Held to Maturity Investments**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the entity sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire category of held-to-maturity investments would be tainted and would be reclassified as available-for-sale.

### **Available-for-Sale Financial Assets**

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed within 12 months after the end of the reporting period, which will be classified as current assets.

### **Financial Liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

### **Impairment of Financial Assets**

For trade receivables and related party current accounts, Mount Wellington Licensing Trust applies a simplified approach in calculating expected credit losses (ECL's). Therefore Mount Wellington Licensing Trust does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. Mount Wellington Licensing Trust has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### **(k) 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 at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods at Mount Wellington Licensing Trust's location.

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.

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

Wage subsidy relating to COVID-19 was recognised based on a pro-rata amount being applied to the period for which the subsidy related to.

Interest income is recognised using the effective interest method.

### **(l) Receivables**

Receivables are financial assets classified and measured at amortised cost less allowance for Expected Credit Loss ("ECLs"). Short-term trade receivables are not discounted. These financial instruments are short term in nature and the carrying amounts are considered to be a reasonable approximation of fair value. Mount Wellington Licensing Trust applies a simplified approach in calculating expected credit losses. Therefore Mount Wellington Licensing Trust does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. Mount Wellington Licensing Trust has established a provision matrix that is based on historical credit loss experience and adjusted for forward looking factors specific to the debtors and the economic environment.

### **(m) Employee Entitlements**

A liability for holiday pay, sick pay and long service leave entitlements is recognised in the balance sheet.

Where the payment is expected to be longer than 12 months from balance date, the liability is recorded at its present value. Where the payment is expected to be less than 12 months, the provision is the amount expected to be paid.

### **(n) Critical Estimates & Judgements**

In preparing this financial report Mount Wellington Licensing Trust was required to make estimates and assumptions. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

## **2. AUDIT**

These consolidated financial statements have been subject to audit, please refer to Independent Auditor's Report.

### 3. CONTINGENT LIABILITIES

Mount Wellington Trust Hotels Ltd has a guarantee bond in favour of the New Zealand Racing Board payable on default of TAB bankings of \$15,000 (2021: \$15,000).

Mount Wellington Trust Hotels Ltd has a guarantee bond in favour of Highbrook Development Ltd payable on default of rent of \$97,289 (2021: \$97,289).

Mount Wellington Trust Hotels Ltd has received preliminary earthquake strengthening reports for its property in Panmure that indicate some remedial work may be required to make the building compliant with Auckland Council standards. The investigations into what needs to be done have progressed with preliminary assessments received. The lengthy compliance period means this work will be deferred resulting in no contingencies being provided for this year.

4. OTHER INCOME	2022 \$	2021 \$
Tenant Rentals	(10,989)	161,728
COVID-19 Wage Subsidy	155,001	1,106,520
Other	402,207	297,884
Gain on sale of assets	26,933	124,193
<b>TOTAL OTHER INCOME</b>	<b>573,153</b>	<b>1,690,325</b>

5. OTHER EXPENSES	2022 \$	2021 \$
Audit fees	138,473	106,758
Lease Expenses	63,930	39,818
Gaming Machine Duty	-	321,299
Other expenses	2,711,500	2,732,644
<b>TOTAL OPERATING EXPENSES</b>	<b>2,913,902</b>	<b>3,200,518</b>

6. FINANCE COSTS	2022 \$	2021 \$
Interest on bank borrowings	117,388	213,845
Interest on lease liabilities	61,428	81,967
	<b>178,816</b>	<b>295,812</b>

### 7. DIRECTORS REMUNERATION

Directors' remuneration paid or due and payable during the year was \$107,657, (2021 \$107,266).

8. CASH & CASH EQUIVALENTS	2022 \$	2021 \$
Cash and bank accounts	677,697	1,667,014
	<b>677,697</b>	<b>1,667,014</b>

Mount Wellington Trust Hotels Ltd has an unsecured, on-demand overdraft facility of \$400,000 with an interest rate of 4.33%, (2021 3.04%).

<b>9. OTHER RECEIVABLES</b>	<b>2022</b> \$	<b>2021</b> \$
Trade Receivables	1,387,374	1,389,603
	<b>1,387,374</b>	<b>1,389,603</b>

<b>10. TRADE AND OTHER PAYABLES</b>	<b>2022</b> \$	<b>2021</b> \$
Accounts Payable	318,205	944,053
Accrued Expenses	481,168	296,423
	<b>799,374</b>	<b>1,240,476</b>

<b>11. EMPLOYEE BENEFIT LIABILITIES</b>	<b>2022</b> \$	<b>2021</b> \$
<b>CURRENT</b>		
<b>EMPLOYEE BENEFITS</b>		
Provision for Holiday Pay	331,072	335,456
Provision for Accrued Pay	145,857	72,875
Provision for Long Service Leave	8,759	8,908
<b>TOTAL CURRENT PROVISIONS</b>	<b>485,688</b>	<b>417,239</b>
Provision for Long Service Leave	19,873	7,708
<b>TOTAL NON-CURRENT PROVISIONS</b>	<b>19,873</b>	<b>7,708</b>

<b>12. INTANGIBLES</b>	<b>2022</b> \$	<b>2021</b> \$
<b>IT SOFTWARE - INTANGIBLES</b>		
Opening Cost	285,231	285,231
Opening Accum Depn & Impairment	(256,473)	(227,558)
Opening Book Value	28,758	57,673
Amortisation	18,446	28,915
<b>Closing Cost</b>	<b>231,867</b>	<b>285,231</b>
<b>Closing Accum Depn &amp; Impairment</b>	<b>221,555</b>	<b>256,473</b>
<b>CLOSING BOOK VALUE</b>	<b>10,312</b>	<b>28,758</b>

## 13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant, Equipment & Vehicles	Furniture & Fittings	Work in progress	Total
<b>31 March 2022</b>						
Opening Cost & Revaluation	72,800,000	24,435,710	2,013,203	3,483,514	105,376	102,837,803
Opening Accum Depreciation	-	(6,891,676)	(1,538,728)	(1,505,140)	-	(9,935,544)
<b>OPENING BOOK VALUE</b>	<b>72,800,000</b>	<b>17,544,034</b>	<b>474,475</b>	<b>1,978,374</b>	<b>105,376</b>	<b>92,902,259</b>
Additions	-	204,781	62,575	28,691	-	296,047
Disposals Book Value	-	(31,315)	-	(2,403)	(105,376)	(139,094)
Revaluation	-	-	-	-	-	-
Depreciation charge	-	(439,505)	(98,184)	(305,345)	-	(843,034)
<b>Closing Cost</b>	<b>3,750,000</b>	<b>24,061,596</b>	<b>928,703</b>	<b>3,063,870</b>	<b>-</b>	<b>31,804,169</b>
<b>Closing Revaluation</b>	<b>69,050,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,050,000</b>
<b>Closing Accum Depreciation</b>	<b>-</b>	<b>(6,783,601)</b>	<b>(489,836)</b>	<b>(1,364,554)</b>	<b>-</b>	<b>(8,637,991)</b>
<b>CLOSING BOOK VALUE</b>	<b>72,800,000</b>	<b>17,277,995</b>	<b>438,866</b>	<b>1,699,317</b>	<b>-</b>	<b>92,216,177</b>

### 31 March 2021

Opening Cost	25,696,200	24,420,750	2,145,720	3,483,514	52,060	55,798,243
Opening Accum Depreciation	-	(6,422,711)	(1,294,547)	(1,184,847)	-	(8,902,105)
<b>OPENING BOOK VALUE</b>	<b>25,696,200</b>	<b>17,998,038</b>	<b>851,172</b>	<b>2,298,667</b>	<b>52,060</b>	<b>46,896,138</b>
<b>Closing Cost</b>	<b>3,750,000</b>	<b>24,435,710</b>	<b>2,013,203</b>	<b>3,483,514</b>	<b>105,376</b>	<b>33,787,803</b>
<b>Closing Revaluation</b>	<b>69,050,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69,050,000</b>
<b>Closing Accum Depreciation</b>	<b>-</b>	<b>(6,891,676)</b>	<b>(1,538,728)</b>	<b>(1,505,140)</b>	<b>-</b>	<b>(9,935,544)</b>
<b>CLOSING BOOK VALUE</b>	<b>72,800,000</b>	<b>17,544,034</b>	<b>474,475</b>	<b>1,978,374</b>	<b>105,376</b>	<b>92,902,259</b>

### Land carried at fair value

An independent valuation of the land at Waipuna Road and Queens Road was undertaken by JLL, registered independent valuers, with an effective fair value recognition date of 31 March 2022. Given the ongoing uncertainty around the duration and severity of the impact COVID-19 has on New Zealand and its economy, these valuations are subject to a material valuation uncertainty.

### Security Interests

The properties at Waipuna Road and Queens Road have security interests registered by ASB, Mount Wellington Charitable Trust Board and Mount Wellington Licensing Trust, limited to the values owed to the secured parties at that time.

## 14. LEASES

Right of Use of Asset	Buildings	Vehicles	Total
<b>At 1 April 2021</b>	923,859	28,011	951,870
Depreciation charge	(209,176)	(19,413)	(228,588)
<b>31 MARCH 2022</b>	<b>714,684</b>	<b>8,598</b>	<b>723,282</b>
<b>At 1 April 2020</b>	1,133,035	48,278	1,181,313
Depreciation charge	(209,176)	(20,267)	(229,443)
<b>31 MARCH 2021</b>	<b>923,860</b>	<b>28,011</b>	<b>951,870</b>

Lease Liability	Buildings	Vehicles	Total
<b>At 1 April 2021</b>	1,117,022	35,508	1,152,531
Lease Payments	(230,608)	(25,814)	(256,421)
<b>31 MARCH 2022</b>	<b>886,415</b>	<b>9,695</b>	<b>896,110</b>
<b>At 1 April 2020</b>	1,335,773	55,645	1,391,419
Lease Payments	(284,160)	(36,695)	(320,855)
Interest	65,409	16,558	81,967
<b>31 MARCH 2021</b>	<b>1,117,022</b>	<b>35,508</b>	<b>1,152,531</b>

## 15. TAXATION

	2022 \$	2021 \$
Current Tax expense	1,006,723	686,032
Deferred Tax Expense	58,409	34,831
<b>INCOME TAX EXPENSE</b>	<b>1,065,132</b>	<b>720,863</b>
<b>Relationship between income tax expense &amp; accounting profit</b>		
Surplus (deficit) before tax	3,503,874	2,374,474
Tax @28%	981,085	664,853
Tax effect of non deductible expenditure	84,047	114,352
Taxation adjustment for Subvention	-	(58,342)
<b>INCOME TAX EXPENSE</b>	<b>1,065,132</b>	<b>720,863</b>

### DEFERRED TAX ASSETS/(LIABILITIES)

	Property, Plan & Equipment	Employee Entitlements	Leases	Other Provisions	Total
<b>31 March 2022</b>					
Balance as at 1 April 2021	(1,337,272)	98,129	29,448	2,407	(1,207,288)
Charged to surplus or deficit	(51,230)	2,588	(7,362)	(2,407)	(58,411)
<b>BALANCE AS AT 31 MARCH 2022</b>	<b>(1,388,502)</b>	<b>100,717</b>	<b>22,086</b>	<b>-</b>	<b>(1,265,699)</b>
<b>31 March 2021</b>					
Balance at 1 April 2020	(1,302,819)	87,204	36,809	6,349	(1,172,457)
Charged to surplus or deficit	(34,453)	10,925	(7,361)	(3,942)	(34,831)
<b>RESTATED BALANCE AT 31 MARCH 2021</b>	<b>(1,337,272)</b>	<b>98,129</b>	<b>29,448</b>	<b>2,407</b>	<b>(1,207,288)</b>



## 16. INVESTMENTS

	2022 \$	2021 \$
Term Deposits	-	400,000
ASB Bank - Term Deposit 72	-	400,000
TOTAL	-	<b>400,000</b>

## 17. BORROWINGS

Term Liabilities, excluding finance leases, are detailed below along with the original term, security and interest rate as at balance date.

	2022 \$	2021 \$
Term liabilities, excluding finance leases, at balance date:		
<b>Loan Committed Cash Advance Facility</b>	640,000	4,840,000
Registered Mortgage		
Reviewed annually - interest rate 3.17%		
<b>Loan Business Finance Guarantee Scheme</b>	2,410,000	2,410,000
Registered Mortgage		
5 years - interest rate 1.85%		
	<b>3,050,000</b>	<b>7,250,000</b>

Mount Wellington Licensing Trust, contracted through Mount Wellington Trust Hotels Ltd, has a banking arrangement with ASB Bank that provides first security over land and building improvements at Waipuna Road and Queens Road.

At balance date \$640,000 was drawn against the total available amount of \$9,640,000. Mount Wellington Trust Hotels Ltd makes repayments when cash flow allows.

The loan committed cash advance facility portion of the agreement is reviewed and extended annually. The business finance guarantee scheme component of the agreement is fixed, due to renew in December 2025.

## **18. CAPITAL EXPENDITURE COMMITMENTS**

There are no capital commitments. (2021: \$0).

## **19. IMPACTS OF COVID-19**

COVID-19 continued to impact New Zealand during the financial year to 31 March 2022 with ongoing international border closures and additional lockdowns.

Due to the renewal of the contract with the NZ Government, The Waipuna Hotel Conference Centre continued to operate as a Managed Isolation Facility (MIF) for the full financial year. This meant that the impact of the lockdowns throughout the year had a no real effect on business revenue for the entity.

The Landmark Bar & Eatery was not reopened to the public however was available for private function hire.

The impact of COVID-19 on Mount Wellington Licensing Trust as at balance date are reflected in these financial statements based on the information available at the date these financial statements were signed.

## **20. SIGNIFICANT EVENTS AFTER BALANCE DATE**

The Waipuna Hotel & Conference Centre remained closed to the public while contracted as a MIF. The MIF contract with the NZ Government was terminated on 31st August 2022 due to isolation facilities no longer being required. The hotel reopened to the public on 16 September 2022.

As agreed at the Mount Wellington Foundation Ltd board meeting on 23 June 2021, Mount Wellington Foundation Ltd was wound up and the gaming operations transferred to Lion Foundation. Mount Wellington Foundation Ltd was removed from the Companies Register on 17 May 2022.

On 27 October 2021 it was decided by the boards of Keri Corporation Ltd and Mount Wellington Trust Hotels Ltd, with approval provided by Mount Wellington Licensing Trust, that Keri Corporation Ltd will amalgamate into Mount Wellington Trust Hotels Ltd effective 01 April 2022.

There were no other significant events subsequent to balance date.

## **21. BREACH OF STATUTORY REPORTING DEADLINE**

The financial statements for Mount Wellington Licensing Trust for the year ending 31 March 2022 were not prepared within the five month deadline, resulting in a breach of section 334(1) of the Sale and Supply of Alcohol Act 2012.

## Independent Auditor's Report

### To the Readers of Mount Wellington Licensing Trust's Group Financial Statements for the year ended 31 March 2022

The Auditor-General is the auditor of Mount Wellington Licensing Trust group (the Group). The Auditor-General has appointed me, Steve Hayes, using the staff and resources of RSM Hayes Audit, to carry out the audit of the financial statements of the Group on his behalf.

#### Opinion

We have audited the financial statements of the Group on pages 8 to 24, that comprise the statement of financial position as at 31 March 2022, 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.

In our opinion the financial statements of the Group:

- a) Present fairly, in all material respects:
  - its financial position as at 31 March 2022; and
  - its financial performance and cash flows for the year then ended; and
- b) Comply with generally accepted accounting practice in New Zealand in accordance with *New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime*.

Our audit was completed on 3 May 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

#### Basis for opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Trustees for the financial statements

The Trustees are responsible on behalf of the Group for preparing consolidated financial statements that are fairly presented and comply with generally accepted accounting practice in New Zealand.

The Trustees are responsible for such internal control as they determine is necessary to enable them to prepare consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Trustees are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Trustees resolve to amalgamate or liquidate the Group, or to cease operations, or have no realistic alternative but to do so.

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

### **Responsibilities of the auditor for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Members.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Members and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease as a going concern.
- We evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

### Other information

The Trustees are responsible for the other information. The other information comprises the information included on pages 1 to 7 but does not include the financial statements, or our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standards 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

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

A handwritten signature in blue ink, appearing to be 'Steve Hayes', written in a cursive style.

**Steve Hayes**  
RSM Hayes Audit  
On Behalf of the Auditor-General  
Auckland, New Zealand

