



Mount Wellington Licensing Trust

ANNUAL REPORT

For financial year April 2022 – March 2023



Mount Wellington Licensing Trust

President's Report for FY23

Troy Elliott

I am pleased to report to the Mount Wellington Licensing Trust community for the year ended March 2023. During the Covid period, the Mount Wellington Licensing Trust (MWLT) was unable to report to the community in a timely manner. We are still delayed in sharing our financial and operational performance although it pleasing to note that the lag is shortening.

MWLT's recent history has been challenged firstly by the pandemic, and subsequently the ongoing difficult trading conditions for hospitality and accommodation businesses since early 2020. Waipuna Hotel and Conference Centre (Waipuna) operated as a Managed Isolation Facility (MIF) from May 2020 until August 2022, finally reopening to the public as a hotel and conference centre in September 2022. Being a MIF helped MWLT's financial position enormously providing the opportunity to reduce some historic debt. It was; however, a one-off, and both Waipuna and the Panmure Hotel face an uncertain trading environment ahead.

In recent years, we shared that Waipuna is unlikely to generate returns at pre-COVID levels for many years due to the ongoing difficult outlook for the tourism and hospitality sector. This challenging situation has now been exacerbated by the updated seismic strength assessment of our Waipuna site. This identified that the western (or main) accommodation block, one of the six structures of Waipuna Hotel and Conference Centre, is earthquake prone, reassessing the structure as having a new building standard (NBS) rating of 10%. A building is considered earthquake prone if it has an NBS percentage of less than 34%. The other five structures

comprising the rest of Waipuna Hotel and Conference Centre are rated at either 60% of NBS (one structure) or 90% of NBS (four structures).

Mount Wellington Trust Hotels (MWTH), a 100% subsidiary of MWLT is the owner of Waipuna. Following a detailed risk assessment, the Board of MWTH agreed that the western accommodation block can remain in service while decisions on permanent strengthening solutions are considered.

Under the regulations MWTH has up to 35 years to bring the building up to code. Staff and customers have been notified of the seismic rating, as has the Auckland Council. Information regarding the seismic rating of the western accommodation block was available at the MWLT December 2023 public meeting.

In October 2022, local body elections were held, and a new Board of Trustees for MWLT was formed with the election of myself, Nerissa Henry, Tania Batucan, Michael Pepper, Tanner Vili, and Tabettha Elliott.

On behalf of the community, I'd like to acknowledge the contribution of outgoing trustees; Maureen Benson-Rea, Alan Verrall, Jean Dolheguy, and Mark Gosche.

For new Trustees there has naturally been a lot to get to grips with. One of the things that surprised me was learning that the majority of the community donations from MWLT are from gaming grants. In fact, over the past 15 years, proceeds from gaming machines, previously operated by Mount Wellington Foundation Limited, and more recently the Lion Foundation (on our behalf) distributed as grants comprised c. 92% of all giving. The remaining 8% was through donations and activities funded by Mount Wellington Charitable Trust and MWTH.

The key issues Trustees and management have grappled with over the past few years are: how to reduce reliance on gaming, how to generate more income to support our community giving programme, and how we de-risk our asset portfolio so our income isn't solely reliant on hospitality and accommodation sector.

MWLT exists to support community initiatives; however, our current model does not support the ability to do this meaningfully, nor has it done for many years. The current Board of Trustees is working towards finding more effective ways

to reduce these risks and generate meaningful returns. In turn, this will enable MWLT to truly deliver on our purpose of giving back to the community.

Now more than ever, the MWLT group needs to be prudent in its decision-making. We will need to consider all options as we look to resolve these challenges, and we will keep you informed as key decisions are made.

As we begin 2024, your Trustees are a more focused than ever on ensuring that MWLT has a long and bright future, generating the greatest possible returns from our assets so that we can support great causes in our local neighbourhoods through community giving.

I look forward to meeting you at our 2022-2023 annual general meeting.

Ngā mihi
TROY ELLIOTT
President

Trustees

Mr T Elliott (President)	Mr M Pepper
Ms T Batucan (Vice President)	Mrs T Elliott
Ms N Henry	Mr T Vili

Mount Wellington Trust Hotels

Board Chair & CEO Update

WAIPUNA HOTEL & CONFERENCE CENTRE

The 2023 financial year was a year of two distinct parts for the Waipuna Hotel and Conference Centre (Waipuna). The year began seeking clarity on when a time may come when there would be no COVID restrictions and Waipuna remained a MIF. As the weeks and months passed, the path became clear. In September 2022, after 838 days of being a MIF, Waipuna reopened to the public.

Like many businesses, we experienced significant operating challenges in the period immediately following the hotel reopening. Historically low unemployment contributed to severe staff shortages and inflation was high.

Despite these challenges, the Waipuna team have a great deal to be proud of in re-establishing hotel operations amid the new patterns and behaviours being established in the post-COVID trading environment.

What has become apparent is that our venue requires significant investment. To remain competitive and retain our market share in a growing hotel market, Waipuna needs to be an appealing, modern hotel and conference venue. This investment, can only be made by undertaking significant borrowings. The Directors of Mount Wellington Trust Hotels Ltd (MWTHT) are currently evaluating all options on how to best consider investment in the building, especially given the seismic rating of the western accommodation block.

We would like to thank both the former Trustees and those appointed in the 2022 elections alongside current Directors, and the senior management team for their hard work and dedication during another challenging year.

We also thank our incredibly hard-working and dedicated staff who diligently and with positivity consistently upheld two of our three organisational values "Better Never Stops", and "We've Got This", through the long and sometimes tedious, days, weeks, months, and years of being a MIF. We

also welcome and thank the team members who joined us in supporting the return to trading as a hotel and conference centre.

Lastly, to our customers and the community, our third organisational value "Welcome Home", has never been more appropriate. It is a pleasure to be operating again.

PANMURE HOTEL

Our Panmure Hotel continues to be a place where the local community gathers to relax and socialise. The changing market has meant we had to refine our operations to remain a viable business. We have downsized to one bar and reduce our food offering in recent years. While we recognise this is disappointing for the community, neither venue was paying its way, undermining Mount Wellington Licensing Trust's ability to support the community. We were fortunate to have a stable workforce - despite the tight labour market, and we are grateful to our team for their service.

HIGHBROOK CONFERENCE CENTRE

The Highbrook Conference Centre (Highbrook) has been a challenge for many years. In fact, the site has lost more than \$3m in the decade it operated. Due to the challenges of severe staff shortages, inflation, and a need to focus on re-establishing Waipuna, we made the decision in late 2022 to cease operating at Highbrook.. It was later agreed that due to poor historic trading alongside high costs to trade, Highbrook would be closed permanently.



PAULA SAVAGE
Board Chair



KATE JACKSON
Chief Executive



Community Giving

Tabetha Elliott

MWLT Grants Committee Chair & MWCT Chair

MOUNT WELLINGTON LICENSING TRUST – GRANTS COMMITTEE

The Lion Foundation manages the 18 gaming machines in The Corner Bar on behalf of Mount Wellington Trust Hotels, the venue operator.

The Lion Foundation is responsible for the distribution of net income from the gaming machines with all distributions governed by parameters set by the Department of Internal Affairs.

Three of the six elected MWLT Trustees, as members of the MWLT Grants Committee, oversee the income distributed to community organisations, which is paid out by The Lion Foundation.

A list of grant recipients who received a total of \$711,051 is listed as an appendix to this Annual Report.

MOUNT WELLINGTON CHARITABLE TRUST

Mount Wellington Charitable Trust (MWCT) makes donations to community initiatives based on the objectives of the Charity's constitution.

In September 2022, MWCT made a commitment to Mt Wellington Community Church to donate \$250k towards the Community Hub portion of the site development. The donation is subject to conditions that must be satisfied by 31 May 2024. If the conditions are met, the donation will be paid to the project in the 2025 financial year. If the conditions are not satisfied, the funds which are currently ring-fenced will be retained by MWCT.

In December 2022, MWCT held the Senior Citizens Christmas luncheons at the Waipuna Hotel. In 2023, MWCT made the difficult decision to discontinue the luncheons. We acknowledge that there are some in the community who are disappointed by the decision, and we accept that we could have better communicated the decision and the reasons behind it. We too, are disappointed by this outcome, but MWCT's financial position was simply unable to support the expense.

The sole source of income for MWCT is donations from Mount Wellington Trust Hotels (MWTH) who were last able to donate to MWCT pre-COVID in the 2019 financial year. Due to the challenges discussed in the President's report, it is uncertain when MWTH may next be able to make donations to MWCT. This uncertain future highlights the need for the MWCT to be prudent and strategic in its approach to committing donations with what limited funds it has available to it.

Lion Foundation Community Donations

For the year ended 31 March 2023

		\$
Auckland Basketball Services Ltd	Salaries, affiliation fees, rent, signwriting, overheads	40,000
Auckland Cricket Assn Inc	Sports equipment for programmes in local schools	50,000
Auckland Netball Centre Inc	CCTV Equipment	10,000
Auckland Observatory & Planetarium Trust Board	Salaries	6,000
Auckland Rowing Club Inc	Rowing boats	30,000
Auckland Table Tennis Assn Inc	Tennis tables, Affiliation fees, Salaries	7,500
Bailey Road School	Playground upgrades	25,000
East City BMX	Coaching costs	1,906
Ellerslie Assn Football Club Inc	Salaries	25,000
Ellerslie Community Arts Trust	Ellerslie Santa Parade costs	3,357
Ellerslie Cricket Club Inc	Equipment hire	1,957
Ellerslie Sports Club Inc.	Equipment	27,567
Ellerslie Sports Club Inc.	Community Complex Construction Costs	75,000
Glen Innes Chinese Groups Inc	Venue and equipment rental, transportation	3,728
Habitat for Humanity Northern Region Ltd	AED Defibrillator, Rent	10,395
Kidney Kids of N Z Inc	IT Equipment	1,503
Life Education Trust Auckland Central Inc	Salaries	10,000
Marist Brothers Old Boys Rugby Club Auckland Inc	Playing jerseys	6,660
Mercy Hospice Auckland Ltd	Salaries	70,000
Mount Wellington Playcentre	Play equipment	18,000
Mt Wellington Community Garden	Garden Shed	5,000
Mt Wellington Roller Sports Club Inc	Tournament Entry Fees	5,400
Mt Wellington Rugby Football Club	Equipment	1,419
Mt Wellington Softball Club Inc	Fencing, Trophies	30,800
N Z Council of Victim Support Groups Inc	Salaries, rent, and vehicle lease costs	10,000
One Tree Hill College	Coaching and fitness trainer costs	20,000
Otahuhu United A F C	Trophies	1,978
Panmure Business Assn Inc	Panmure Basin Fun Day	22,763
Panmure Combined Probus	Bus transport	4,497
Resource Rescue Ltd	Salaries, Zero Waste Fee	11,775
Riverside Sports Incorporated	Riverside Spots Complex Padel Court installation	80,000
St Marys School (Ellerslie)	IT Equipment	15,000
St Pius X Catholic School (Glen Innes)	Uniforms	5,000
Stanhope Road School	IT Equipment	15,000
Stonefields School	Outdoor learning environment	5,000
Stuttering Treatment & Research Trust (Auckland)	Rent	2,179
Te Waipuna Puawai Mercy Oasis Ltd	Salaries	10,000
Uni-Mount Bohemian AFC Inc	Soccer coach salary for local schools programme	41,667
		711,051

Mount Wellington Licensing Trust

FINANCIAL STATEMENTS

For year ended 31 March 2023

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ENTITY INFORMATION

as at 31 March 2023

Registered Office:

Room 701, 58 Waipuna Road
Mount Wellington
Auckland, 1060

Trustees:

Mr T Elliott (President)
Ms T Batucan (Vice President)
Ms N Henry
Mr M Pepper
Mrs T Elliott
Mr T Vili

Auditors:

RSM Hayes Audit

Bankers:

ASB Bank

Solicitors:

Wynyard Wood
PO Box 204-231
Auckland, 2161

Date of Incorporation:

Not applicable as created under statute

Nature of Business

Licensing Trust

MOUNT WELLINGTON LICENSING TRUST

Consolidated Statement of Comprehensive Income

For the Year Ended 31st March 2023

	Note	2023 \$	2022 \$
Food & Beverage		3,906,904	5,222,401
Accommodation		6,299,731	9,207,833
Gaming Machine Venue Hire & Proceeds		301,094	187,624
Interest received		21,569	2,894
Cost of Sales		(1,233,571)	(1,684,901)
GROSS PROFIT		9,295,726	12,935,852
Other Income	4	193,671	573,153
Employee Benefits		(5,756,500)	(5,641,827)
Depreciation & Amortisation		(1,054,061)	(1,090,068)
Impairment		(5,068,098)	-
Donations		-	(180,517)
Finance Costs	6	(101,666)	(178,816)
Other Operating Costs	5	(3,499,346)	(2,913,902)
PROFIT/(LOSS) BEFORE INCOME TAX		(5,990,273)	3,503,874
Income Tax Expense	15	1,646,601	(1,065,132)
NET PROFIT/(LOSS) FOR THE YEAR		(4,343,672)	2,438,742
OTHER COMPREHENSIVE INCOME:			
Revaluation Gain/(Loss)	13	(14,350,000)	
Other Comprehensive Income for the Year		(14,350,000)	
TOTAL COMPREHENSIVE INCOME		(18,693,672)	2,438,742

The accompanying notes on pages 13 to 24 form part of these financial statements.
These financial statements should be read in conjunction with the attached Auditor's Report.

MOUNT WELLINGTON LICENSING TRUST

Consolidated Statement of Changes in Equity

For the Year Ended 31st March 2023

Note	2023 \$	2022 \$
EQUITY AT START OF YEAR	88,329,540	85,890,798
SURPLUS & REVALUATIONS		
Profit/(Loss) after Tax	(4,343,672)	2,438,742
Total Other Comprehensive Income for the Year	(14,350,000)	-
Total Comprehensive Income for the Year	(18,693,672)	2,438,742
EQUITY AT END OF YEAR	69,635,868	88,329,540
MOVEMENTS IN RETAINED EARNINGS		
Retained Earnings at start of year	19,279,540	16,840,798
Total Comprehensive Income	(4,343,672)	2,438,742
Retained Earnings at End of Year	14,935,867	19,279,540
MOVEMENTS IN RESERVES		
Balance at Start of Year	69,050,000	69,050,000
Total Other Comprehensive Income for the Year	(14,350,000)	-
Balance at End of Year	54,700,000	69,050,000
	69,635,868	88,329,540

The accompanying notes on pages 13 to 24 form part of these financial statements.
These financial statements should be read in conjunction with the attached Auditor's Report.

MOUNT WELLINGTON LICENSING TRUST

Consolidated Statement of Financial Position

As At 31 March 2023

	Note	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	8	672,127	677,697
Investments	16	325,000	-
Trade & other receivables	9	499,523	1,387,374
Prepayments		253,260	248,130
Inventories		108,168	91,418
TOTAL CURRENT ASSETS		1,858,079	2,404,618
NON-CURRENT ASSETS			
Property, plant & equipment	13	72,975,701	92,216,177
Intangible assets	12	-	10,312
Right of use assets	14	86,183	723,282
Deferred Tax Asset	15	380,903	-
TOTAL NON-CURRENT ASSETS		73,442,788	92,949,771
TOTAL ASSETS		75,300,867	95,354,389
CURRENT LIABILITIES			
GST payable		74,036	124,896
Income tax payable		243,209	383,209
Trade and other payables	10	1,138,977	799,374
Employee Benefit Liabilities	11	532,086	485,688
Borrowings	17	450,000	640,000
Lease Liability	14	282,204	252,802
TOTAL CURRENT LIABILITIES		2,720,512	2,685,969
NON-CURRENT LIABILITIES			
Borrowings	17	2,410,000	2,410,000
Lease Liability	14	525,135	643,308
Employee Benefit Liabilities	11	9,352	19,873
Deferred Tax Liability	15	-	1,265,699
TOTAL NON-CURRENT LIABILITIES		2,944,487	4,338,880
TOTAL LIABILITIES		5,664,998	7,024,849
NET ASSETS		69,635,868	88,329,540

The accompanying notes on pages 13 to 24 from part of these financial statements.
These financial statements should be read in conjunction with the attached Auditor's Report.

MOUNT WELLINGTON LICENSING TRUST

Consolidated Statement of Financial Position

As At 31 March 2023

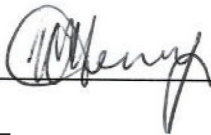
	Note	2023 \$	2022 \$
Represented by:			
EQUITY			
Reserves		54,700,000	69,050,000
Retained earnings		14,935,867	19,279,540
TOTAL EQUITY		69,635,868	88,329,540

*The accompanying notes on pages 13 to 24 form part of these financial statements.
These financial statements should be read in conjunction with the attached Auditor's Report.*

Signed for on behalf of the Trust on the 19th day of April 2024.



Vice President
Tania Batucan



Trustee
Nerissa Henry

MOUNT WELLINGTON LICENSING TRUST

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	Note	2023 \$	2022 \$
Cash Flows from Operating Activities			
<u>Cash was received from:</u>			
Receipts from customers		11,539,887	15,009,034
Donations Received		-	1,326
Interest received		15,634	2,894
Wage subsidies		44,940	36,718
		11,600,460	15,049,972
<u>Cash was paid to:</u>			
Payments to suppliers and employees		10,122,419	10,601,055
Interest paid		101,666	178,816
Net GST paid to IRD		50,863	58,725
Income tax paid		140,000	1,016,666
		10,414,948	11,855,262
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES		1,185,513	3,194,710
Cash Flows from Investing Activities			
<u>Cash was received from:</u>			
Proceeds from sale of fixed assets		-	60,000
Maturity of investments		-	400,000
		-	460,000
<u>Cash was paid to:</u>			
Purchase of fixed assets		422,880	187,607
Purchase of Investments		325,000	-
		747,880	187,607
NET CASH INFLOW (OUTFLOW) FROM INVESTING ACTIVITIES		(747,880)	272,393
Cash Flows from Financing Activities			
<u>Cash was paid to:</u>			
Loan principal repayments		190,000	4,200,000
Lease Payments		253,202	256,421
		443,202	4,456,421
NET CASH INFLOW (OUTFLOW) FROM FINANCING ACTIVITIES		(443,202)	(4,456,421)
NET INCREASE (DECREASE) IN CASH HELD		(5,570)	(989,317)
Cash and Cash Equivalents as at 1 April 2022		677,697	1,667,014
Cash and Cash Equivalents as at 31 March 2023	8	672,127	677,697

The accompanying notes on pages 13 to 24 form part of these financial statements.
These financial statements should be read in conjunction with the attached Auditor's Report.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

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 (amalgamated into Mount Wellington Trust Hotels Ltd on 1 April 2022)
- 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 2023.

The consolidated financial statements have been approved and were authorised for issue by the Board of Trustees on the date as per page 5 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

The Trustees have reviewed future financial projections including forecasted cash flows and have concluded that the group has the ability to operate for the foreseeable future. Given this assessment, 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

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.

An impairment loss is recognised immediately in the income statement. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset. The reversal of an impairment loss is recognised immediately in income.

(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.

(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 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 (2022: \$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 (2022: \$97,289).

Mount Wellington Trust Hotels Ltd has received a detailed seismic report for its property at 58 Waipuna Rd in Mt Wellington. The report indicates that remedial work is required to bring one of the six structures at the site into compliance with Auckland Council requirements. The organisation has 35 years to complete this work. A quantity surveyors report has indicated the cost to strengthen the structure to the required 34% New Building Standards score is approximately \$4,195,000.

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 not progressed beyond initial reports with no estimates available. The lengthy compliance period means this work will be deferred resulting in no contingencies being provided for this year.

4. OTHER INCOME

	2023 \$	2022 \$
Tenant Rentals	33,957	(10,989)
COVID-19 Wage Subsidy	44,940	155,001
Other	114,774	402,207
Gain on sale of assets	-	26,933
TOTAL OTHER INCOME	193,671	573,153

5. OTHER EXPENSES

	2023 \$	2022 \$
Audit fees	124,136	138,473
Lease Expenses	32,055	63,930
Other expenses	3,343,155	2,711,500
TOTAL OPERATING EXPENSES	3,499,346	2,913,902

6. FINANCE COSTS

	2023 \$	2022 \$
Interest on bank borrowings	50,250	117,388
Interest on lease liabilities	51,416	61,428
	101,666	178,816

7. DIRECTORS REMUNERATION

Directors' remuneration paid or due and payable during the year was \$146,724, (2022 \$107,266).

8. CASH & CASH EQUIVALENTS	2023 \$	2022 \$
Cash and bank accounts	672,127	677,697
	672,127	677,697

Mount Wellington Trust Hotels Ltd has an unsecured, on-demand overdraft facility of \$400,000 with an interest rate of 8.08%, (2022 4.33%).

9. OTHER RECEIVABLES	2023 \$	2022 \$
Trade Receivables	499,523	1,387,374
	499,523	1,387,374

10. TRADE AND OTHER PAYABLES	2023 \$	2022 \$
Accounts Payable	741,125	318,205
Accrued Expenses	397,852	481,168
	1,138,977	799,374

11. EMPLOYEE BENEFIT LIABILITIES	2023 \$	2022 \$
CURRENT		
EMPLOYEE BENEFITS		
Provision for Holiday Pay	327,185	331,072
Provision for Accrued Pay	200,675	145,857
Provision for Long Service Leave	4,226	8,759
TOTAL CURRENT PROVISIONS	532,086	485,688
Provision for Long Service Leave	9,352	19,873
TOTAL NON-CURRENT PROVISIONS	9,352	19,873

12. INTANGIBLES	2023 \$	2022 \$
IT SOFTWARE - INTANGIBLES		
Opening Cost	231,867	285,231
Opening Accum Depn & Impairment	(221,555)	(256,473)
Opening Book Value	10,312	28,758
Amortisation	7,273	18,446
Disposals	(45,273)	-
Closing Cost	186,594	231,867
Closing Accum Depn & Impairment	186,594	221,555
CLOSING BOOK VALUE	-	10,312

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant, Equipment & Vehicles	Furniture & Fittings	Work in progress	Total
31 March 2023						
Opening Cost/Valuation	72,800,000	24,061,596	928,703	3,063,870	-	100,854,169
Opening Accum Depreciation	-	(6,783,601)	(489,836)	(1,364,554)	-	(8,637,991)
OPENING BOOK VALUE	72,800,000	17,277,995	438,866	1,699,317	-	92,216,177
Additions	-	292,975	80,025	20,426	29,455	422,880
Revaluation	(14,350,000)	-	-	-	-	(14,350,000)
Depreciation charge	-	(448,484)	(99,380)	(278,603)	-	(826,466)
Impairment	-	(3,659,038)	(18,548)	(809,305)	-	(4,486,890)
Closing Cost	3,750,000	24,354,570	1,008,727	3,084,297	29,455	32,227,049
Closing Revaluation	54,700,000	-	-	-	-	54,700,000
Closing Accum Depreciation & Impairment	-	(10,891,123)	(607,764)	(2,452,461)	-	(13,951,348)
CLOSING BOOK VALUE	58,450,000	13,463,448	400,963	631,836	29,455	72,975,701

31 March 2022

Opening Cost/Valuation	72,800,000	23,856,815	2,013,203	3,483,514	105,376	102,258,908
Opening Accum Depreciation	-	(6,891,676)	(1,538,728)	(1,505,140)	-	(9,935,544)
OPENING BOOK VALUE	72,800,000	16,965,140	474,475	1,978,374	105,376	92,323,364
Closing Cost	3,750,000	24,061,596	928,703	3,063,870	-	31,804,169
Closing Revaluation	69,050,000	-	-	-	-	69,050,000
Closing Accum Depreciation	-	(6,783,601)	(489,836)	(1,364,554)	-	(8,637,991)
CLOSING BOOK VALUE	72,800,000	17,277,995	438,866	1,699,317	-	92,216,177

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 2023.

Buildings carried using the Cost Model

All Building assets are recognised using the Cost Model, disclosing the cost of assets less accumulated depreciation.

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.

Asset Impairment

The decision was made to close the Highbrook conference venue for bookings from 1 April 2023. An asset impairment provision of \$74,245 has been recognised for the book value of plant and equipment unable to be relocated from this property.

Mount Wellington Licensing Trust considers both qualitative and quantitative factors when determining whether an asset may be impaired. The detailed seismic assessment received post balance date was determined to be in effect at 31st March 2023 and of a material nature. An impairment provision has been applied that reflects the market values indicated.

14. LEASES

Right of Use of Asset	Buildings	Vehicles	Total
At 1 April 2022	714,684	8,598	723,282
Additions	75,701	88,731	164,432
Depreciation charge	(209,176)	(11,146)	(220,322)
Impairment	(581,208)	-	(581,208)
31 MARCH 2023	0	86,183	86,183
At 1 April 2021	923,859	28,011	951,870
Depreciation charge	(209,176)	(19,413)	(228,588)
31 MARCH 2022	714,684	8,598	723,282
Lease Liability	Buildings	Vehicles	Total
At 1 April 2022	886,415	9,695	896,110
Additions	75,701	88,731	164,432
Lease Payments	(243,107)	(10,096)	(253,202)
31 MARCH 2023	719,009	88,330	807,339
At 1 April 2021	1,117,022	35,508	1,152,531
Lease Payments	(230,608)	(25,814)	(256,421)
31 MARCH 2022	886,415	9,695	896,110

The decision was made to close the Highbrook conference venue for bookings from 1 April 2023. A lease impairment provision of \$581,208 has been recognised for the lease asset for the premises at 60 Highbrook Drive, East Tamaki. This provision is estimated using the assumption that Highbrook will have no income for the remainder of the property lease which expires in September 2025.

15. TAXATION

	2023 \$	2022 \$
Current Tax expense	-	1,006,723
Deferred Tax Expense	(1,646,601)	58,409
INCOME TAX EXPENSE	(1,646,601)	1,065,132
Relationship between income tax expense & accounting profit		
Surplus (deficit) before tax	(5,990,273)	3,503,874
Tax @28%	(1,677,276)	981,085
Tax effect of non deductible expenditure	30,675	84,047
INCOME TAX EXPENSE	(1,646,601)	1,065,132

DEFERRED TAX ASSETS/(LIABILITIES)

	Property, Plant & Equipment	Employee Entitlements	Tax Losses c/f	Leases	Other Provisions	Total
31 March 2023						
Balance as at 1 April 2022	(1,388,502)	100,717	-	22,086	-	(1,265,699)
Charged to surplus or deficit	1,229,207	(5,303)	267,322	(7,363)	162,738	1,646,601
BALANCE AS AT 31 MARCH 2023	(159,295)	95,414	267,322	14,723	162,738	380,902
31 March 2022						
Balance 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)
RESTATED BALANCE AT 31 MARCH 2022	(1,388,502)	100,717	-	22,086	-	(1,265,699)

16. INVESTMENTS

	2023 \$	2022 \$
Term Deposits		
ASB Bank - Term Deposit 72	250,000	-
ASB Bank - Term Deposit 73	75,000	-
	325,000	-
TOTAL	325,000	-

17. BORROWINGS

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

	2023 \$	2022 \$
Term liabilities, excluding finance leases, at balance date:		
Loan Committed Cash Advance Facility	450,000	640,000
Registered Mortgage		
Reviewed annually - interest rate 3.17%		
Loan Business Finance Guarantee Scheme	2,410,000	2,410,000
Registered Mortgage		
5 years - interest rate 1.85%		
	2,860,000	3,050,000

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 \$450,000 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. (2022: \$0).

19. SIGNIFICANT EVENTS AFTER BALANCE DATE

There were no significant events subsequent to balance date..

20. BREACH OF STATUTORY REPORTING DEADLINE

The financial statements for Mount Wellington Licensing Trust for the year ending 31 March 2023 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 2023

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 2023, 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 2023; 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 19 April 2024. 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 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.



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

