President's Report 2017/18

Members of the Trust: Mr A Verrall (President)

Dr M Benson-Rea

Mr M Gosche

Ms J Dolheguy

Ms N Henry

Ms L Cross

Chief Executive: Mr D Comery (resigned effective March 2018)

On behalf of my fellow Trustees I present to the Minster of Justice and the residents of the Mount Wellington trust area, the Trust Annual Report for the financial year ended 31 March 2018.

The past year has been a success by any measure for all the Licensing Trust businesses and its Charitable subsidiaries.

The highlights have been:

- Waipuna Hotel and Conference Centre has enjoyed strong profits
- A fully refurbished TAB, full roof replacement and building painted at the Panmure Historic Hotel
- $1.3m in capital expenditure invested back into the Waipuna Hotel and Conference Centre
- Over $1.2m returned to the community by the Mt Wellington Foundation
- Strong trading result enabled debt reduction of $1m.

Waipuna Hotel and Conference Centre

Hotel occupancy was 2 percentage points higher than the previous year which was then a record high occupancy. The combination of this improved occupancy coupled with an average daily rate which was $3 higher than the previous year led to a very strong accommodation result. Food and beverage revenues were strong in both the Wellington's Restaurant and the Conference & Banqueting divisions of the property despite very strong competition in the market place.

Conferencing remains a strong driver of Waipuna's performance and is well supported by a wide variety of entities both from the *Corporate* and *Not for Profit* sectors of the market.

The Trust remains committed to ensuring that our premier asset, Waipuna Hotel, is maintained and enhanced and as a result capital expenditure of some $1.3 million has been made during the financial year with the major cost items being a new service elevator in the Terrace Wing, room refurbishment and upgrading of conference facilities. All of these investments have been well received by our guests which is heartening.

Panmure Historic Hotel

On-premise establishments such as our traditional tavern complex present very challenging business environments in this day and age of changing consumer tastes. This is certainly the case for us with the Landmark and Corner Bars. This year the property has been enhanced by several investments, including the refurbishment of the TAB, a full roof replacement and the painting of the exterior building.

The coming year will see a particular focus on the food offering. The Trustees believe in the importance of this property for our community as a safe and well managed meeting place for food and beverage consumption, a significant slice of Panmure's history and a very valuable asset from a real estate perspective.

Waipuna Conference Suites, Highbrook

This property was performing to expectation up until it's temporary closure in December 2017. This closure was planned for in our lease with Goodman Property to allow the building of additional Quest accommodation above our premise. This closure has gone longer than anticipated by either party and will require a focus to re-establish this business.

The Highbrook area is far more densely populated now than when we first took the lease. The product is well received in the market and with the doubling in size of the Quest Hotel adjacent to it we are positive about the long-term future.

Donations

The Mount Wellington Foundation which derives its available funds from our gaming operations has been able to donate $1.2 million to qualifying local organisations for the year. In addition, the Mount Wellington Charitable Trust partnered with St Johns Norther Region to help distribute defibrillators in the area, made student scholarships available to four high schools in the area, and again offered our free Christmas Luncheons to over 500 senior citizens from the local region.

This years strong trading result meant that the Licensing Trust Board were in the enviable position of being able to consider the possibilities of additional gifting, further capital investment or debt reduction. Commitment towards debt repayment has always been a priority for the Board and to that end the Board made the decision to reduce debt by $1 million – a fantastic outcome.

Looking Ahead

- The demand for good quality accommodation within the Auckland market continues to be high – driven predominantly by international tourism and domestic leisure business, but also by corporate business and residential conferencing. Years of under-investment in new hotels have benefited existing properties such as the Waipuna. However, we are seeing several new hotels planned to open across Auckland in 2019 and beyond, and this coupled with the opening of the International Convention Centre means that our recent years performance will not be the case indefinitely.

- We are committed to the long-term future of the Panmure Historic Hotel but do recognise that the traditional tavern offering currently being operated is a very challenged model. Continuous improvement of the offering at the site is a focus for our staff.

- We continue to identify and consider additional business opportunities that could be to the benefit of the Licensing Trust.

Staff

The Trust Board would like to acknowledge David Comery, our departing Chief Executive who finished with the Mt Wellington Licensing Trust in March 2018. David has worked for the Trust for over 22 years and made a huge contribution to the organisation and we thank him for everything he has done.

Lastly the Board would like to convey its thanks to the staff and management of its flagship business, Waipuna Hotel and Conference Centre, the Panmure Historic Hotel, Waipuna Highbrook and our Finance office for their hard work over the past year. Without this exceptional commitment, the Trust would be unable to fulfil its objectives.

Alan Verrall

President

Mt Wellington Licensing Trust

Independent Auditor's Report

To the readers of Mount Wellington Licensing Trust and group's financial statements for the year ended 31 March 2018

The Auditor-General is the auditor of Mount Wellington Licensing Trust and its subsidiaries and other controlled entities (collectively referred to as the "Group"). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Mount Wellington Licensing Trust and Group on his behalf.

Opinion

We have audited the financial statements of the Mount Wellington Licensing Trust and Group on pages 3 to 27, that comprise the statement of financial position as at 31 March 2018, 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 Mount Wellington Licensing Trust and Group:

- present fairly, in all material respects:
  - its financial position as at 31 March 2018; and
  - its financial performance and cash flows for the year then ended; and
- 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 22 August 2018. 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 Members and our responsibilities relating to the financial statements, and we explain our independence.

Basis for our 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 Members for the financial statements

The Members are responsible on behalf of the Mount Wellington Licensing Trust and Group for preparing financial statements that are fairly presented and comply with generally accepted accounting practice in New Zealand.

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

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

The Members' 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 Mount Wellington Licensing Trust and 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 Mount Wellington Licensing Trust and 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 Mount Wellington Licensing Trust and 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 Mount Wellington Licensing Trust and Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Mount Wellington Licensing Trust and 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.

Independence

We are independent of the Mount Wellington Licensing Trust and 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 (revised): *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 Mount Wellington Licensing Trust and Group.

Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

MOUNT WELLINGTON LICENSING TRUST

CONSOLIDATED ACCOUNTS

FOR YEAR ENDED 31 MARCH 2018

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MOUNT WELLINGTON LICENSING TRUST

ORGANISATION PARTICULARS

AS AT 31 MARCH 2018

DIRECTORY

Nature of Business:	Investment Organisation
Registered Office:	Room 701 Waipuna Hotel & Conference Centre 58 Waipuna Road MT WELLINGTON
Date of Incorporation:	Not applicable as created under statute
Trustees:	Mr A Verrall, President Ms L Cross, Vice President Dr M Benson -Rea Mrs J Dolheguy Mr M Gosche Ms N Henry
Bankers:	Not applicable
Solicitors:	DG Law P O Box 14081 Panmure AUCKLAND
Auditors:	Audit New Zealand On behalf of the Auditor General P O Box 1165 AUCKLAND

MOUNT WELLINGTON LICENSING TRUST AND GROUP
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Note	Trust 2018 $	Trust 2017 $	Group 2018 $	Group 2017 $
REVENUE					
Accommodation	2	0	0	7,657,596	7,266,752
Food & beverages	3	0	0	9,254,446	9,531,200
Gaming income		0	0	2,791,218	2,478,826
Other	4	45,329	6,628	310,505	192,138
Fair value adjustment on related party loans	5	95,092	95,092	0	0
Finance	5	29,731	26,835	0	0
TOTAL REVENUE		170,152	128,555	20,013,765	19,468,916
LESS EXPENSES					
Cost of Sales	6	0	0	2,713,503	2,812,333
Employee benefits	7	0	0	7,148,027	6,963,506
Depreciation and amortisation	14, 15	0	0	1,178,490	998,102
Revaluation decrement		0	0	0	21,368
Grants		0	0	1,207,182	1,085,828
Other	8	0	0	5,275,571	5,695,999
Fair value adjustment on related party loans	9	29,169	29,731	0	0
Finance	9	95,092	103,989	606,345	616,144
TOTAL EXPENSES		124,261	133,720	18,129,118	18,193,280
NET OPERATING SURPLUS/(DEFICIT) BEFORE TAXATION		45,891	(5,165)	1,884,647	1,275,636
INCOME TAX EXPENSE	10	0	0	559,903	278,453
OPERATING SURPLUS/(DEFICIT) AFTER TAXATION		45,891	(5,165)	1,324,744	997,183
OTHER COMPREHENSIVE INCOME					
Revaluation gain	20	0	0	5,070,000	6,971,781
Tax on asset revaluations	10	0	0	0	(1,426,819)
TOTAL OTHER COMPREHENSIVE INCOME		0	0	5,070,000	5,544,962
TOTAL COMPREHENSIVE INCOME AFTER TAX		**45,891**	**(5,165)**	**6,394,744**	**6,542,145**

The accompanying notes form part of these financial statements.

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MOUNT WELLINGTON LICENSING TRUST AND GROUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Note	Trust 2018 $	Trust 2017 $	Group 2018 $	Group 2017 $
EQUITY AT 1 APRIL		**12,395,727**	12,400,892	**30,186,477**	23,644,332
Total comprehensive income after taxation		45,891	(5,165)	6,394,744	6,542,145
EQUITY AT 31 MARCH		**12,441,618**	**12,395,727**	**36,581,221**	**30,186,477**

The accompanying notes form part of these financial statements.

MOUNT WELLINGTON LICENSING TRUST AND GROUP
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	Note	Trust 2018 $	Trust 2017 $	Group 2018 $	Group 2017 $
CURRENT ASSETS					
Cash and cash equivalents	11	0	0	1,448,954	1,509,151
Trade and other receivables	12	0	0	1,006,534	1,001,854
Inventories	13	0	0	268,415	314,095
TOTAL CURRENT ASSETS		0	0	2,723,903	2,825,100
NON-CURRENT ASSETS					
Property, plant and equipment	14	0	0	54,369,505	48,860,395
Intangible assets	15	0	0	133,801	129,688
Other financial assets	16	14,883,006	14,837,115	0	0
Deferred tax asset		0	0	0	0
TOTAL NON-CURRENT ASSETS		14,883,006	14,837,115	54,503,306	48,990,083
TOTAL ASSETS		14,883,006	14,837,115	57,227,209	51,815,183
CURRENT LIABILITIES					
Trade and other payables	17	0	0	1,907,297	1,866,288
Derivative financial instruments		0	0	145,411	343,794
Employee benefit liabilities	18	0	0	533,129	546,192
Borrowings	19	0	0	0	0
TOTAL CURRENT LIABILITIES		0	0	2,585,837	2,756,274
NON-CURRENT LIABILITIES					
Borrowings	19	2,441,388	2,441,388	10,750,000	11,500,000
Employee benefit liabilities	18	0	0	17,952	21,800
Deferred tax liability	10	0	0	7,292,200	7,350,632
TOTAL NON-CURRENT LIABILITIES		2,441,388	2,441,388	18,060,152	18,872,432
TOTAL LIABILITIES		2,441,388	2,441,388	20,645,989	21,628,706
NET ASSETS		**12,441,618**	**12,395,727**	**36,581,220**	**30,186,477**
EQUITY					
Retained earnings	20	12,441,618	12,395,727	10,960,475	9,635,733
Other reserves	20	0	0	25,620,745	20,550,744
Paid up Capital		0	0	0	0
TOTAL EQUITY		**12,441,618**	**12,395,727**	**36,581,220**	**30,186,477**

The accompanying notes form part of these financial statements.

22-8-2018

L Cross
22/8/18

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MOUNT WELLINGTON LICENSING TRUST AND GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Note	Trust 2018 $	Trust 2017 $	Group 2018 $	Group 2017 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from accomodation, food & beverage		0	0	19,929,307	19,410,075
Interest received		0	0	29,161	14,331
Dividends received		0	0	1,050	1,035
Payments to suppliers and employees		0	0	(16,222,492)	(16,214,370)
Interest paid		0	0	(804,727)	(816,157)
Goods and services tax (net)		0	0	(29,947)	(17,377)
NET CASH FROM OPERATING ACTIVITIES	21	0	0	2,902,352	2,377,537
CASH FLOWS FROM INVESTING ACTIVITIES					
Insurance claim				77,580	0
Proceeds from sale of assets				0	0
Purchase of property, plant and equipment		0	0	(1,911,649)	(1,393,725)
Purchase of intangible software		0	0	(45,277)	(70,708)
NET CASH FLOWS FROM INVESTING ACTIVITIES		0	0	(1,879,346)	(1,464,433)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		0	0	0	0
Repayment of borrowings		0	0	(750,000)	(250,000)
Income tax paid		0	0	(333,203)	(275,663)
Repayment of finance lease liabilities		0	0	0	0
NET CASH FLOWS FROM FINANCING ACTIVITIES		0	0	(1,083,203)	(525,663)
NET INCREASE IN CASH AND CASH EQUIVALENTS		0	0	(60,197)	387,441
Cash and cash equivalents at the beginning of the year	11	0	0	1,509,151	1,121,710
CASH AND CASH EQUIVALENTS AT THE END OF TH	11	0	0	1,448,954	1,509,151

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

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. Gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes form part of these financial statements.

1. Statement of Accounting Policies

REPORTING ENTITY

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

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

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

The financial statements of MWLT, and the group, are for the period to 31 March 2018 (2017: 31 March 2017).

The financial statements were authorised for issue by the Board of Trustees on the 22nd August 2018.

BASIS OF PREPARATION

Statement of compliance
The financial statements have been prepared in accordance with the requirements of the Sale and Supply of Alcohol Act 2012 and NZ GAAP.
The statements comply with NZ IFRS reduced disclosure regime, and other Financial Reporting Standards, as appropriate for profit oriented entities. Under the terms of the Accounting Standards Framework issued by the External Reporting Board (XRB) the MWLT has designated itself a Tier 2 for profit entity and therefore applies the Tier 2 Accounting Standards (NZ IFRS Reduced Disclosure Regime). The company is eligible to report under the Tier 2 for profit standards because it does not have public accountability and it is not large. The group has applied disclosure concessions.

Measurement base
The financial statements have been prepared on a historical cost basis modified by the revaluation of property, plant and equipment and the measurement of derivative financial instruments and interest free related party loans at fair value.

Functional and presentation currency
The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of MWLT is New Zealand dollars.

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SPECIFIC ACCOUNTING POLICIES

Basis of consolidation

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

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

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

Revenue

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

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

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

Interest income is recognised using the effective interest method.

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

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Trade and other receivables

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

A provision for impairment of receivables is established when there is objective evidence that the MWLT group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Inventories

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

Financial Assets

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

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

The two categories of financial assets are:

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

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

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

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

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

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

Property, plant and equipment

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

Additions
In most instances, an item of property, plant and equipment is recognised at its cost.

Disposals
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus or deficit When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent costs
Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the MWLT group and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

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

Asset class	Depreciation rate (%)	
Buildings - Structural	1.00	- 4.00
Buildings - Inner Fixtures	2.08	
Buildings - Internal Joinery Fittings	2.08	
Buildings - Floor Coverings and Chattels	3.33	
Buildings - Plumbing services	2.00	- 2.08
Buildings - Mechanical Services	5.00	- 6.67
Buildings - Fire Services	2.00	
Buildings - Electrical Services	3.33	
Buildings - Electronic & Computer Services	3.33	
Buildings - Lift & Escalator Services	5.00	
Buildings - Other Amenities & Services	3.33	
Kitchen & Gym Equipment and General Effects	6.67	- 11.11
Furniture & Office Equipment	6.67	- 20.00
Carpets & Floor Coverings	11.00	
Motor Vehicles	20.00	
Work in progress (WIP)	0.00	

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

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

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

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

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

Intangible assets

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

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

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

	Useful life	Amortisation rate (%)
Computer software:	5 years	20.00

Employment Benefits

Short-term benefits
Employee benefits that the MWLT group expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date and long service leave entitlements accrued by having reached a particular threshold.

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

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

- the present value of the estimated future cash flows. A discount rate of 4.28%, and an inflation factor of 2.0% were used. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Creditors and other payables

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

Borrowing costs

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

Equity

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

The components of equity are:

- Retained earnings
- Asset revaluation reserves
- Deferred tax
- Share capital

Goods and Services Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

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

Leases

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

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

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

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

Critical accounting estimates and assumptions

In preparing these financial statements, MWLT has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

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

2. Accommodation revenue

	Group 2018	Group 2017
Conference, Corporate and Tour segments	7,657,596	7,266,752
	7,657,596	7,266,752

3. Food and Beverage revenue

	Group 2018	Group 2017
Food, beverage, conference room hire and equipment hire	9,254,446	9,531,198
	9,254,446	9,531,198

4. Other income

	Trust 2018	Trust 2017	Group 2018	Group 2017
Interest received	0	0	29,161	13,053
Gain on sale of property, plant & equipment	0	0	0	1,000
Write-up of Investment in Keri Corporation	45,329	6,628	0	0
Income from other sources	0	0	281,344	178,086
	45,329	6,628	310,505	192,139

5. Finance income

	Trust 2018	Trust 2017	Group 2018	Group 2017
Fair value adjustment on related party loans	95,092	95,092	0	0
Unwinding of interest on related party loans	29,731	26,835	0	0
	124,823	121,927	0	0

6. Cost of sales

	Group 2018	Group 2017
Food, beverage and other cost of sales	2,713,503	2,812,333
	2,713,503	2,812,333

7. Employee benefits

	Group 2018	Group 2017
Salaries and wages	7,164,937	6,993,645
Increase/(decrease) in employee benefit liabilities	(16,910)	(30,139)
	7,148,027	6,963,506

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8. Other expenses

	Trust 2018	Trust 2017	Group 2018	Group 2017
Fees to principal auditor:-				
Audit fees for financial statement audit	0	0	140,050	138,100
Operating lease expense MWTH	0	0	302,194	420,124
Donations MWCT	0	0	157,769	214,048
Trustee expenses MWFL	0	0	36,097	31,190
Gaming machine duty MWFL	0	0	641,980	570,153
Other operating expenses	0	0	3,997,484	4,322,384
	0	0	5,275,574	5,695,999

9. Finance costs

Finance gains	Actual 2018	Actual 2017	Actual 2018	Actual 2017
Loss on held for trading financial instruments	0	0	198,382	200,013
Total Finance gains	0	0	198,382	200,013

Finance costs	Trust 2018	Trust 2017	Group 2018	Group 2017
Interest on bank borrowings	0	0	804,727	816,157
Fair value adjustment on related party loans	29,169	29,731	0	(0)
Unwinding of interest on related party loans	95,092	103,989	0	0
Total Finance costs	124,261	133,720	804,727	816,157

10. Income tax

Components of income tax expense	Trust 2018	Trust 2017	Group 2018	Group 2017
Current tax expense	0	0	618,335	275,665
Adjustments to current tax in prior years	0	0	0	0
Deferred tax expense	0	0	(58,432)	2,788
	0	0	559,903	278,453

Relationship between income tax expense and accounting profit	Trust 2018	Trust 2017	Group 2018	Group 2017
Net operating surplus/(deficit) before tax	45,891	(5,164)	1,884,647	1,275,634
Tax at 28%	12,849	(1,446)	518,668	357,177
Non-deductible revenue / expenditure	(12,849)	1,446	46,845	(58,977)
Prior period adjustment	0	0	0	0
Permanent differences	0	0	0	0
Deferred tax on change in tax rate	0	0	0	0
Deferred tax on change in tax legislation for depreciation on build:	0	0	0	0
Tax loss not recognised	0	0	(5,609)	(19,747)
Deferred tax on parent tax losses	0	0	0	0
Group loss offset	0	0	0	0
Income tax expense	0	(0)	559,903	278,453

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Deferred tax assets/liabilities - Group

	Property plant and equipment	Employee entitlements	Derivatives	Other provisions	Group tax losses	Total
Balance at 1 April 2016	(6,186,703)	110,748	152,266	2,664	0	(5,921,025)
Charged to income	64,941	(11,800)	(56,004)	75	0	(2,788)
Charged to other comprehensive inco	(1,426,819)	0	0	0	0	(1,426,819)
Balance at 31 March 2017	(7,548,581)	98,948	96,262	2,739	0	(7,350,632)
Charged to income	118,891	(4,892)	(55,547)	(20)	0	58,432
Charged to other comprehensive inco	0	0	0	0	0	0
Balance at 31 March 2018	(7,429,690)	94,056	40,715	2,719	0	(7,292,200)

11. Cash and cash equivalents

	Group 2018	Group 2017
Cash at bank and in hand	1,450,619	1,509,151
Bank overdraft (note 19)	(1,665)	0
Cash & cash equivalents in statement of cash flows	1,448,954	1,509,151

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

12. Trade and other receivables

	Group 2018	Group 2017
Trade receivables	832,603	848,262
Related party receivables	0	0
Sundry debtors	25,337	9,532
Prepayments	152,759	144,060
	1,010,699	1,001,854
Less provision for impairment of receivables	(4,165)	0
	1,006,534	1,001,854

Receivables aging	Group Actual 2018	Group Actual 2017
Not past due		
Past due 1-30 days	937,505	863,159
Past due 31-60 days	61,412	123,227
Past due 61-90 days	7,617	8,282
Past due over 90 days	0	7,186
	1,006,534	1,001,854

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

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

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

13. Inventories

	Group 2018	Group 2017
Food stock	55,635	67,628
Beverage stock	73,224	79,910
Other	139,555	166,558
	268,414	314,096

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

14. Property, plant and equipment - group only

2018

	Land	Buildings	Leasehold furniture & fittings	Plant & equipment	Furniture & fittings	Work in progress	Total
Opening cost /valuation	16,520,000	28,005,910	0	2,332,338	2,650,054	385,517	49,893,819
Opening accum depreciati(	0	(67,486)	0	(1,014,410)	48,470	0	(1,033,426)
Opening book value	16,520,000	27,938,424	0	1,317,928	2,698,524	385,517	48,860,393
Additions	0	757,336	0	233,524	927,162	136,990	2,055,012
Disposals	0	(73,216)	0	(220,528)	(644,851)	(385,517)	(1,324,112)
Depreciation expense	0	(651,011)	0	(160,956)	(325,359)	0	(1,137,326)
Depreciation written back	0	73,216	0	169,047	603,272	0	845,535
Impairment charges	0	0	0	0	0	0	0
Revaluation	5,070,000	0	0	0	0	0	5,070,000
Depn write back revaluatic	0	0	0	0	0	0	0
Closing cost /valuation	21,590,000	28,690,030	0	2,345,334	2,932,365	136,990	55,694,719
Closing accum depreciatio	0	(645,281)	0	(1,006,319)	326,383	0	(1,325,217)
Closing book value	21,590,000	28,044,749	0	1,339,015	3,258,748	136,990	54,369,502

2017

	Land	Buildings	Leasehold furniture & fittings	Plant & equipment	Furniture & fittings	Work in progress	Total
Opening cost /valuation	14,644,000	22,981,708	0	2,046,823	2,805,498	48,923	42,526,952
Opening accum depreciati(	0	(57,834)	0	(812,571)	(176,204)	0	(1,046,609)
Opening book value	14,644,000	22,923,874	0	1,234,252	2,629,294	48,923	41,480,343
Additions	0	480,131	0	313,221	291,999	385,517	1,470,868
Disposals	0	(130,912)	0	(27,706)	(447,443)	(48,923)	(654,984)
Depreciation expense	0	(532,402)	0	(214,757)	(220,044)	0	(967,203)
Depreciation written back	0	123,320	0	12,918	444,718	0	580,956
Impairment charges	0	0	0	0	0	0	0
Revaluation	1,876,000	5,074,413	0	0	0	0	6,950,413
Depn write back revaluatic	0	399,430	0	0	0	0	399,430
Closing cost /valuation	16,520,000	28,005,910	0	2,332,338	2,650,054	385,517	49,893,819
Closing accum depreciatio	0	(67,486)	0	(1,014,410)	48,470	0	(1,033,426)
Closing book value	16,520,000	27,938,424	0	1,317,928	2,698,524	385,517	48,860,393

Land carried at fair value

An independent valuation of the land and buildings was performed by Bower Valuations Limited, registered independent valuers, as at 31 March 2018. The valuation for the Waipuna Hotel & Conference Centre was completed using the discounted cash flow of rental income over a five year time horizon. The valuation for the Panmure Historic Hotel was done using a direct or simple rental income capitalisation. These methodologies are acceptable estimates of fair value because similar businesses are traded at reasonably frequent intervals.

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The future values quoted for the property revenues and costs are projections only formed on the data currently available and are not representations of what the value of the property will be as at a future date. This information includes the current market expectations as to property values and income which may not prove to be accurate.

Buildings carried at fair value
An independent valuation of the property, plant and equipment was performed by Bower Valuations Limited, as at 31 March 2018. This valuation was undertaken on buildings for the delivery of accommodation and hospitality provided by MWTHL excluding Highbrook.

Property, plant and equipment carried at fair value
An independent valuation of the property, plant and equipment was performed by Bower Valuations Limited, as at 31 March 2016. This valuation was undertaken on all property, plant and equipment used in the delivery of accommodation and hospitality services provided by MWTHL excluding Highbrook.

The total fair value of property, plant and equipment valued by Bower Valuations Limited as at 31 March 2016 was $40.917M
Discounted cash flows are determined using a number of significant assumptions. Significant assumptions include:
* Estimating the appropriate discount and capitalisation rates
* Estimating the trading performance over the coming 5 years based on historic trends

15. Intangible assets - group only

Computer software

	Group 2018	Group 2017
Opening cost	226,862	198,234
Opening accum amortisation	(97,174)	(108,355)
Opening book value	129,688	89,879
Additions	45,277	70,708
Disposals	0	(42,080)
Amortisation expense	(41,164)	(30,899)
Impairment expense	0	0
Closing cost	272,139	226,862
Closing accum amortisation	(138,338)	(97,174)
Closing book value	133,801	129,688

16. Other financial assets

	Trust 2018	Trust 2017	Group 2018	Group 2017
Investment in MWTHL				
- ordinary shares	12,000,000	12,000,000	0	0
- redeemable preference shares	2,000,000	2,000,000	0	0
Investment in KERI	51,957	6,628	0	0
Loan to MWTHL (Note 27)	686,135	685,671	0	0
Loan to KERI (Note 27)	144,914	144,816	0	0
	14,883,006	14,837,115	0	0

\# MWLT has made an interest free loan to MWTHL with a face value of $710,218 (2017: $710,218) that is secured over the Waipuna Hotel and Conference Centre. The loan is supported by a certificate of indebtedness stating the loan is repayable on demand, but subject to MWTHL's first mortgagor's consent.
At 31 March 2018 the on demand conditions have been waived by the lender for a period of 12 months.

The MWLT loan to MWTHL has been discounted for a 12 month period which is the earliest possible repayment term. The fair value of the loan as at 31 March 2018 is $686,135 (2017: $685,671).

\# MWLT has made an interest free loan to KERI with a face value of $150,000 that is unsecured.
The loan is supported by a certificate of indebtedness stating the loan is repayable on demand.
At 31 March 2018 the on demand conditions have been waived by the lender for a period of 12 months.

The MWLT loan to KERI has been discounted for a 12 month period which is the earliest possible repayment term. The fair value of the loan as at 31 March 2018 is $144,914 (2017: $144,816).

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

MWTHL is a 100% owned subsidiary of MWLT and was incorporated on the 11th of November 1988. The company was incorporated with 12,000,000 ordinary shares and 2,000,000 redeemable preference shares. All 14,000,000 shares are fully paid as at 31 March 2018.

KERI is a 100% owned subsidiary of MWLT and was incorporated on the 10th of July 1984. MWLT purchased 100,000 ordinary shares for the company on the 16th of August 2005. The shares were purchased for $171,787. All 100,000 ordinary shares are fully paid as at 31 March 2018.

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

MWFL is a 100% owned subsidiary of MWCT and was incorporated on 8 April 2008. The company was incorporated with 10,000 ordinary shares; all fully paid as at 31 March 2018.

17. Trade and other payables

	Group 2018	Group 2017
Trade payables	634,548	790,521
Deposits and bonds	141,102	196,109
Accrued expenses	715,643	750,264
Income tax payable	416,004	129,392
	1,907,297	1,866,286

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

18. Employee benefit liabilities

	Group 2018	Group 2017
Current		
Accrued pay	215,169	214,607
Annual leave	278,619	292,603
Long service leave	39,342	38,983
Non current		
Long service leave	17,952	21,800
	551,082	567,993

19. Borrowings

	Trust 2018	Trust 2017	Group 2018	Group 2017
Current				
Bank overdraft	0	0	0	0
Finance leases	0	0	0	0
Secured loans	0	0	0	0
Secured bonds	0	0	0	0
Total current borrowings	0	0	0	0

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Non Current

Finance leases	0	0	0	0
Secured loans	0	0	10,750,000	11,500,000
Secured bonds	0	0	0	0
Secured related party loans (Note 27)	0	0	0	0
Unsecured related party loans (Note 27)	2,441,388	2,441,388	0	0
	2,441,388	2,441,388	10,750,000	11,500,000

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

Bank facility

MWTHL has a banking arrangement with ASB Bank with a total available loan facility of $13,000,000 secured over land and land improvements.
At balance date $10,750,000 had been drawn on the facility which is made up of all fixed elements. There was a repayment of $750,000 made on the 21st of March 2018. This is not required under the loan facility although MWTHL continues to budget repayments where cash flows allow.

The total loan is due to mature in September 2019. MWTHL aims to have a maturity of at least 12 months after sign off.

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

Floating rate debt

The floating interest rate is set quarterly at the lenders corporate indicator rate +1.89% (2017: +1.89%) except where MWTHL and the lender agree to a fixed term interest rate. During the year the floating debt was converted in to a combination of fixed and floating debt.

Principal amount	Interest rate	Maturity
Nil		

Fixed rate debt

Interest expense is a potential area of risk and is actively managed by MWTHL. During the year swaps held were reviewed but no changes were made.

Principal amount	Interest rate	Maturity
$1,750,000	3.98%	Sep 2018
$6,000,000	6.19%	Mar 2019
$3,000,000	5.91%	Jun 2018

Interest free debt

MWLT has an interest free loan from MWCT with a face value of $2,536,480 (2017: $2,536,480) which is unsecured. The loan is supported by a Deed of Acknowledgement of Debt stating the loan is repayable on demand.
At 31 March 2018 the on demand conditions have been waived by the lender for a period of 12 months.

The MWCT loan to MWLT has been discounted for a 12 month period which is the earliest possible repayment term. The fair value of the loan as at 31 March 2018 is $2,441,388 (2017: $2,441,388).

Security

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

LC

20. Equity

	Trust 2018	Trust 2017	Group 2018	Group 2017
Retained earnings				
Opening balance	12,395,727	12,400,892	9,635,735	8,626,564
Surplus/(deficit) for the year	45,891	(5,165)	1,324,744	997,181
Other adjustments to equity	0	0	0	11,990
Deferred tax gains / (losses) taken to reserves	0	0	0	0
Less revaluation loss taken to equity	0	0	0	0
Closing balance	12,441,618	12,395,727	10,960,479	9,635,735
Reserves				
Revaluation Reserve				
Opening balance	0	0	20,550,746	15,017,773
Asset revaluation movement	0	0	5,070,000	6,971,781
Charged to equity	0	0	0	(11,990)
Deferred tax gains / (losses) taken to reserves	0	0	(1)	(1,426,820)
Closing balance	0	0	25,620,745	20,550,744
Total Reserves				
Opening balance	0	0	20,550,746	15,017,773
Asset revaluation movement	0	0	5,070,000	6,971,781
Charged to equity	0	0	0	(11,990)
Effect on deferred tax for movement in revaluation reserve	0	0	0	0
Deferred tax gains / (losses) taken to reserves	0	0	(1)	(1,426,819)
Closing balance	0	0	25,620,745	20,550,745
As at 31st March	0	0	25,620,745	20,550,744
Total closing equity	12,441,618	12,395,727	36,581,224	30,186,479

Reserves

The revaluation reserves allows the asset base to be reflected at fair value. Revaluations are performed three yearly and the next valuation is due in 2018/19.

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

LC

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

	Trust 2018	Trust 2017	Group 2018	Group 2017
Surplus/(deficit) before tax	0	0	1,884,647	1,275,636
Add/(less) non-cash items:				
Depreciation and amortisation	0	0	1,178,490	998,102
Loss/(gain) on sale of assets	0	0	92,046	24,104
Derivative financial instruments	0	0	(198,382)	(200,013)
Discounted interest free loan	0	0	0	0
Revaluation decrement	0	0	0	21,368
Insurance claim	0	0	(77,580)	0
Add/(less) items classified as investing or financing activities:				
Repayment of finance leases	0	0	0	0
Add/(Less) movements in working capital items:				
(Increase)/Decrease in Accounts Receivable	0	0	16,674	(43,334)
(Increase)/Decrease in Inventory	0	0	45,681	28,471
Increase/(Decrease) in Accounts Payable	0	0	(27,164)	316,108
Increase/(Decrease) in Employee Benefits	0	0	(16,910)	(30,139)
(Increase)/Decrease in Prepayments	0	0	(8,700)	(25,096)
Increase/(Decrease) in GST Payable	0	0	13,550	12,330
Net cash inflow/(outflow) from operating activities	0	0	2,902,352	2,377,537

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22. Related party transactions

Transactions between the group entities have been eliminated on consolidation but are summarised for purposes of disclosure within the group.

Gaming activities

MWFL paid the following amounts to companies within the MWLT group	Group 2018	Group 2017
Gaming machine site rental paid to MWTHL	223,705	156,665
Gaming machine site rental paid to Keri	222,890	163,480
	446,595	320,145

The amounts paid for site rental are restricted by Department of Internal Affairs regulations which include formal contracts and regular reviews. There was nil outstanding at year end (2017: nil).

Subsidiary transactions and balances

Keri paid rental income to MWTHL of $82,680 (2017: $82,680).

MWFL reimbursed MWTH for Directors' expenses and remuneration paid to Directors of MWFL $36,097 (2017: $31,190).

The net amount transacted in the year from MWTHL to Keri was $272,122 loss to Keri (2017: $274,122 loss). There was a payable at year end from Keri to MWTHL of $29,135 (2017: $40,531).

No charitable donation was made from MWTHL to MWCT during the March 2018 year (2017: $500,000). There are no formal arrangements in place for charitable donations to be made on a regular basis.

The audit fees for MWLT were recognised in the accounts for MWTHL for $15,250 (2017:$15,000) . Because the amount is immaterial it was decided not to adjust the intercompany loan between MWLT and MWTHL.

Keri losses

MWTHL purchased tax losses from Keri to March 2017 by agreed subvention payment for $211,677 (2017: $235,373). A further subvention payment is expected for the March 2018 year for $161,929. MWTHL has not accrued this because no formal agreement has been signed.

Related party loans

Related party loans are carried at net present value for twelve months.
The discount rate is adjusted annually and is calculated based on the prevailing loan rate, inclusive of any contracted margin charged by the ASB Bank to MWTHL. The rate at 31 March 2018 was 3.895% (2017: 3.895%).

MWLT has an interest free loan from the MWCT with a face value of $2,536,480 (2017: $2,536,480). Refer note 16 for further details.

MWTHL has an interest free loan from the Mt Wellington Charitable Trust (MWCT) with a face value of $3,914,077 (2017: $3,914,077) which ranks third and is secured over the Waipuna Hotel and Conference Centre. The loan is supported by a Deed of Acknowledgement of Debt stating the loan is repayable on demand, but subject to the first mortgagor's consent. At 31 March 2018 the on demand conditions have been waived by the lender for a period of 12 months.

The MWCT loan to MWTHL has been discounted for a 12 month period which is the earliest possible repayment term. The fair value of the loan as at 31 March 2018 is $3,767,339 (2017: $3,767,339).

MWTHL has an interest free loan from MWLT with a face value of $710,218 (2017: $710,218) Refer note 16 for further details.

MWTHL Chief Executive is a Director of Mainstay Hotels, which is a related party. The company transacted $7,078 expenses with Mainstay during the year, and had no outstanding liabilities at year end (2017: $8,648, $nil).

MWTHL absorbs costs for the MWLT but these are considered to be immaterial. The main cost absorbed was audit fees of $15,250 (2017: $15,000).

KERI has an interest free loan from MWLT with a face value of $150,000 (2017: $150,000) Refer note 16 for further details.

23. Key management personnel

MWLT Trustees' fees, paid or due and payable during the year, including $8,160 paid to the President and Trustees (2017: $8,705). This cost was absorbed by MWTHL.

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

24. Commitments

	Group 2018	Group 2017
Total minimum lease payments are payable		
Not later than one year	316,544	411,650
Later than one year and not later than five years	1,424,865	1,469,344
Later than five years	836,845	1,176,750
	2,578,254	3,057,744

Leases as Lessor

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

	Group 2018	Group 2017
Present value of minimum lease payments		
Not later than one year	33,957	33,957
Later than one year and not later than five years	25,468	59,425
Later than five years	0	0
	59,425	93,382

Capital commitments

The Group has capital commitments via MWTHL of $108,547 for an upgrade of cabinetry in its Terrace Wing rooms and $60,000 for an upgrade of the Promenade banquet room (2017: $110,000 for an upgrade of the Terrace Wing service elevator). These projects are expected to be completed by the end of June 2018.

25. Finance leases

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

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

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

26. Contingencies

MWLT and group has no contingent assets or liabilities (2017: nil).

27. Financial instruments

Financial instrument categories

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

	Trust 2018	Trust 2017	Group 2018	Group 2017
Financial assets				
Loans & receivables				
Cash and cash equivalents	0	0	1,450,619	1,509,151
Trade and other receivables	0	0	840,422	853,517
Other financial assets	831,049	830,487	0	0
	831,049	830,487	2,291,041	2,362,668
Financial liabilities				
Fair value through profit and loss - held for trading				
Derivative financial instruments	0	0	145,411	343,794
Financial liabilities at amortised cost				
Trade and other payables	0	0	869,448	1,411,620
Borrowing	2,441,388	2,441,388	10,750,000	11,500,000
	2,441,388	2,441,388	11,619,448	12,911,620

Financial instrument risks

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

The group manages this risk by spreading the term of its swaps and seeking options to reduce swap rates where ever possible.

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

Sensitivity analysis: As at 31 March 2018, if the 90-day bank bill rate had been 100 basis points higher or lower, with all other variables held constant, the surplus deficit for the year would have been $161,243 (2017: $161,243) lower or higher. This calculation covers all loans including ASB and intercompany.

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

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

Cash and cash equivalents are currently with counterparties with -AA credit ratings (2017: -AA).

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

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

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

Trust - 2018	**Less than 1 year**	**1-2 years**	**2-5 years**	**More than 5 years**	**Total contractual cash flows**	**Total carrying amount**
Financial Assets						
Loan to MWTHL (Note 16)	0	686,135	0	0	686,135	686,135
Loan to KERI (Note 16)	0	144,914	0	0	144,914	144,914
	0	831,049	0	0	831,049	831,049
Financial Liabilities						
Borrowings (Note 19)	0	2,441,388	0	0	2,441,388	2,441,388
	0	2,441,388	0	0	2,441,388	2,441,388

Trust - 2017	**Less than 1 year**	**1-2 years**	**2-5 years**	**More than 5 years**	**Total contractual cash flows**	**Total carrying amount**
Financial Assets						
Loan to MWTHL (Note 16)	0	685,671	0	0	685,671	685,671
Loan to KERI (Note 16)	0	144,816	0	0	144,816	144,816
	0	830,487	0	0	830,487	830,487
Financial Liabilities						
Borrowings (Note 19)	0	2,441,388	0	0	2,441,388	2,441,388
	0	2,441,388	0	0	2,441,388	2,441,388

Group - 2018	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total contractual cash flows	Total carrying amount
Financial Assets						
Cash and cash equivalents (Note 11)	1,450,619	0	0	0	1,450,619	1,450,619
Trade and other receivables (Note 12	840,422	0	0	0	840,422	840,422
	2,291,041	0	0	0	2,291,041	2,291,041
Financial Liabilities						
Trade and other payables (Note 17)	869,445	0	0	0	869,445	869,445
Derivative financial instruments	133,927	0	0	0	133,927	145,411
Borrowings (Note 19)	13,036,752	49,285	(2,000,000)	0	11,086,037	12,750,000
	14,040,124	49,285	(2,000,000)	0	12,089,409	13,764,856

Group - 2017	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total contractual cash flows	Total carrying amount
Financial Assets						
Cash and cash equivalents (Note 11)	1,509,151	0	0	0	1,509,151	1,509,151
Trade and other receivables (Note 12	853,517	0	0	0	853,517	853,517
	2,362,668	0	0	0	2,362,668	2,362,668
Financial Liabilities						
Trade and other payables (Note 17)	1,411,618	0	0	0	1,411,618	1,411,618
Derivative financial instruments	184,993	133,927	0	0	318,920	343,794
Borrowings (Note 19)	445,257	13,793,936	(2,000,000)	0	12,239,193	11,491,103
	2,041,868	13,927,863	(2,000,000)	0	13,969,731	13,246,515

28. Capital Management

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

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

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

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

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

29. Events after balance date

There were no events after balance date.