

Independent Auditor's Report

To the readers of Braided Rivers Community Trust and Group's financial statements for the year ended 31 March 2022

The Auditor-General is the auditor of the Braided Rivers Community Trust (the Community Trust) and its controlled entities (the Group). The Auditor-General has appointed me, Yvonne Yang, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Community Trust and Group, on his behalf.

We have audited the financial statements of the Community Trust and Group on pages 2 to 22, that comprise the consolidated statement of financial position as at 31 March 2022, the consolidated statement of comprehensive income, the consolidated statement of movements in equity, the consolidated statement of cash flows for the year ended on that date, and the statement of accounting policies, and the notes to the consolidated financial statements that include other explanatory information.

Qualified opinion

In our opinion, except for the possible effects of the matters described in the Basis for our qualified opinion section of our report, the financial statements of the Community Trust and Group on pages 2 to 22:

- present fairly, in all material respects:
 - their financial position as at 31 March 2022; and
 - their 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 18 August 2022. This is the date at which our qualified opinion is expressed.

The basis for our qualified opinion is explained below and we draw attention to the significant valuation uncertainty for an investment property valuation. In addition, we outline the responsibilities of the Members and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Basis for our qualified opinion

The Ashburton Licensing Trust's (the Licensing Trust) undertaking was vested in the Community Trust on 12 July 2021. As disclosed in the statement of accounting policies on page 2, the 31 March 2022 financial statements of the Community Trust have been prepared as though the entities had always been combined. Our audit opinion on the Licensing Trust's 31 March 2021 financial statements, which are presented as comparative information in the Community Trust's financial statements, included a qualification on the matter outlined below.

Valuation of investment property – Comparative year loss on disposal of investment property

As disclosed in section (d) on page 5 of the accounting policies and in note 14(c) on page 17, the Community Trust and Group accounts for their investment properties at fair value.

For the year ended 31 March 2020, only one of three investment properties was revalued by an independent registered valuer with the remaining two properties being internally valued by the Members of the Licensing Trust. The Licensing Trust and Group could not provide sufficient appropriate evidence that the 31 March 2020 carrying value of the investment properties was materially equivalent to their fair value. It was impracticable for us to determine the amount of any required adjustment to the carrying value of the investment properties.

During the 31 March 2021 year, one of these internally valued properties was sold for a value materially below its 31 March 2020 carrying value resulting in a loss on disposal of \$1,794,965 being recognised in the statement of comprehensive income. The Licensing Trust and Group obtained an independent valuation for all investment properties held as at 31 March 2021 and we were able to obtain sufficient appropriate evidence over the carrying value of investment properties held at that date.

As a consequence of the limitation in scope over the 30 March 2020 investment property balance, we were unable to obtain sufficient appropriate audit evidence to support the comparative year's loss on disposal of investment property recognised in the statement of comprehensive income.

Our opinion on the 31 March 2022 financial statements is qualified because of the possible effects of this limitation on the comparability of the financial statements.

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 qualified audit opinion.

Emphasis of matter – Significant valuation uncertainty for an investment property valuation

Without modifying our opinion, we draw attention to Note 14(c) on page 17 that describes the significant valuation uncertainty related to estimating the fair value of one of the Community Trust and Group's investment properties due to Covid-19.

Responsibilities of the Members for the financial statements

The Members are responsible on behalf of the Community Trust and Group for preparing financial statements that are fairly presented and that 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 Community Trust and Group for assessing the Community Trust'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 Community Trust and the 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 and the Community Trust's Trust Deed.

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 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 Community Trust's 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 Community 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 Community Trust and Group to cease to continue 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 Members are responsible for the other information. The other information comprises the information included on pages 1 and 23 but does not include the financial statements and our auditor's report thereon.

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

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

Independence

We are independent of the Community 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 Standard 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 Community Trust or its subsidiaries.

A handwritten signature in blue ink that reads "Yvonne Yang". The signature is written in a cursive style with a large "Y" and "Y" at the beginning.

Yvonne Yang
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

BRAIDED RIVERS COMMUNITY TRUST CONSOLIDATED GROUP

TRUST DIRECTORY

FOR THE YEAR ENDED 31 MARCH 2022

Members of the Trust

<i>Mr C. Robertson</i>	<i>Member (Chairperson)</i>
<i>Mr R. Harnett</i>	<i>Member</i>
<i>Mr R. Paterson</i>	<i>Member</i>
<i>Mr K. Breakwell</i>	<i>Member</i>
<i>Mr T. Silva</i>	<i>Member</i>
<i>Mrs C. Quinn</i>	<i>Member</i>

AUDITORS

Audit New Zealand
On behalf of
The Auditor-General

BANKERS

ANZ Bank
ASHBURTON

SOLICITORS

Argyle Welsh Finnigan
ASHBURTON

Lane Neave Lawyers
CHRISTCHURCH

INSURANCE BROKERS

Aon New Zealand
WELLINGTON

STATEMENT OF ACCOUNTING POLICIES

For the year ended 31 March 2022

The Braided Rivers Community Trust (the "Trust", or "BRCT") is a Community Trust as defined in New Zealand by the Sale and Supply of Alcohol Act 2012. The Trust is involved in hospitality and investing activities primarily within the boundaries of the Trusts Geographic area.

Ashburton Licensing Trust was converted to a community trust as permitted under section 351 of the Sale and Supply of Alcohol Act 2012. On 12 November 2018, the trust deed of Braided Rivers Community Trust was executed by the members of Ashburton Licensing Trust resulting in the establishment of the community trust on the same date.

On 12 July 2021 under Order in Council, the Ashburton Licensing Trust's undertaking was 100% vested in the Braided Rivers Community Trust. Ashburton Licensing Trust was dissolved on the same date. The community trust adopts the business combination method under common control approach as per other GAAP in IFRS (outside NZ IFRS). The approach allows assets and liabilities transferred to be recognised at book value between entities under common control. In this case, the carrying amounts of assets and liabilities are transferred from Ashburton Licensing Trust to Braided Rivers Community Trust for nil consideration on the date of vesting. The financial statements have been prepared as though the entities had always been combined while under common control.

The consolidated financial Statements of the Braided Rivers Community Trust and its subsidiaries (collectively, the Group) for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the Trust board members on 21 July 2022.

The Owners/Officers of the Trust do not have the power to amend these Financial Statements after issue.

Statement of Compliance

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). For the purpose of complying with NZ GAAP the entity is a for-profit entity.

The financial statements comply with NZIFRS reduced disclosure regime, and other Financial Reporting Standards, as appropriate for profit oriented entities. The Group has designated itself a Tier 2 for-profit entity and has elected to report in accordance with Tier 2 For-profit accounting standards. The group is eligible to report in accordance with Tier 2 For-profit accounting standards on the basis that it does not have public accountability and it is not a large for profit public sector entity. The group has applied disclosure concessions.

Basis of Preparation

The financial statements are presented in New Zealand currency, rounded to the nearest whole dollar.

The financial statements have been prepared on the historic cost basis, except for the revaluation of investment properties and certain financial instruments. Cost is based on the fair value of consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of NZ IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 16.

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.

Subsidiaries

The Trust consolidates in the group financial statements all entities where the Trust has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where the Trust controls the majority voting power on the governing body.

The Trust group comprises the following entities:

- Braided Rivers Community Trust (BRCT, the Trust)
- Somerset Ashburton Trust (SAT)
- Somerset Ashburton Ltd (SAL)

Adoption of New and Revised Standards

The Trust adopts all the new and revised Standards and Interpretations approved by the External Reporting Board that are relevant to its operations, and effective for annual reporting periods beginning on 1 April 2021.

A number of new standards and interpretations are not yet effective as at 31 March 2022, and have not been applied in preparing these consolidated financial statements. These standards are not expected to have a material impact on the groups financial statements.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of these financial statements:

a) Property, plant and equipment

- **Owned assets**

Items of property, plant and equipment are stated at historic cost less accumulated depreciation (see below) and impairment losses (refer accounting policy (h)).

The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of overhead costs.

Where individual parts of an item of property plant and equipment have different useful lives, these are accounted for and depreciated as separate assets.

- **Subsequent costs**

The Trust recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Trust and the cost of the item can be measured reliably.

All other costs are recognised in the profit or loss as the expense is incurred.

- **Depreciation**

Prior to 1 April 2010 Depreciation was charged to the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. From 1 April 2010 the Members decided that Depreciation on all new assets excluding Building Structures will be charged using the Diminishing Value method. Building Structures are depreciated at 2% on a straight line basis in accordance with NZ IAS 16, this reflects an estimated useful life of 50 years. Land is not depreciated. The depreciation method, residual value and useful life of all assets are reviewed annually.

No depreciation is charged on assets available for sale from the date at which they become classified as 'Available for Sale'

For Assets purchased prior to 1 April 2010; the estimated useful lives determined by the Trust are as follows:

Building Structure	100 years	Floor Coverings	5 years
Building Fitout and Services - Hotel	10 years	Furnishings - Office	10 years
Building Fitout and Services - Other	20 years	Motor Vehicles	6 years
Other items of PPE	3 - 15 years		

For Assets purchased after 1 April 2010; the Diminishing Value rates used are:

Building Fitout and Services	10% - 25%	Floor Coverings	40%
Furnishings	13% - 20%	Plant	10% - 67%
Office Equipment	16% - 50%	Motor Vehicles	16% - 50%
Electronic Equipment (Incl Computer Equip)	50%	Linen, Crockery & Cutlery	67%

For Building Structures purchased after 1 April 2010; the estimated useful lives determined by the Trust are:

Building Structure	50 years
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b) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable the asset will result in the realisation of future economic benefits and the cost of the asset can be reliably measured. Other borrowing costs are expensed in the period in which they are incurred.

Qualifying assets are those assets whose cost of acquisition, construction or production, (excluding borrowing costs) when completed and ready for use, will individually equate to ten percent or greater of the carrying amount of Property, Plant and Equipment immediately prior to capitalisation, and which have taken 12 months or more to acquire, construct or produce.

To the extent the funds are borrowed funds specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs that are to be capitalised are the actual borrowing costs incurred on borrowings during the acquisition, construction or production period, less any investment income earned during this period if any or part of the borrowed funds have been invested.

Where funds are borrowed generally and are used to obtain a qualifying asset, the amount of borrowing costs that will be capitalised is determined by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to the borrowings that were outstanding during the acquisition period, excluding borrowings that were obtained specifically for the purpose of obtaining another qualifying asset.

c) Investments

- **Investments in shares (equity investments)**

The Trust has investments in shares which are classified as financial assets at fair value through other comprehensive income (FVOCI). These equity securities are not held for trading, and the Trust has irrevocably elected at initial recognition to recognise them in this category. On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

The fair value of financial instruments classified as FVOCI is the quoted price in an active market at balance date. Where there is no active market, the Trust is required to use another valuation technique to estimate fair value.

Shares in DBSIB - The fair value is determined based on Level 3 inputs, which are observable inputs that reflect the assumptions that market participants would use when pricing the assets, including assumptions about risk.

Dividends are recognised in surplus/deficit.

- **Managed Fund**

The managed fund is a portfolio of financial assets that are actively traded with the intention of making profits. Therefore, the managed fund is classified as Fair Value through Profit and Loss. After initial recognition, the managed fund is measured at fair value, with gains and losses recognised in the surplus or deficit. Fair value is determined based on Level 1 inputs, which are quoted prices in active markets.

- **Financial Instruments at Amortised Cost**

Cash and Cash Equivalents, Bank Overdrafts, Short-term deposits, Trade and Other payables, Trade and Other Receivables, Term advances and other Current Liabilities are measured at Amortised Cost under NZ IFRS 9. These instruments are initially recognised at Fair Value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently measured at amortised costs using the effective interest rate method, less provision for impairment (expected credit loss).

d) Investment Property

Investment property, principally comprising hospitality properties previously operated by the Trust, is held for long-term rental yields. Investment property held by the Group is revalued on an annual basis via an annual independent valuation, this revaluation gain/(loss) is reported in the profit or loss in line with NZ IAS 40 Investment Property.

Investment property owned by the Trusts subsidiaries, principally comprising freehold office buildings, is held for long-term rental yields some of which is occupied by the Braided Rivers Community Trust or Group. To allow consistency of reporting across the Braided Rivers Community Trust Group investment property held by the BRCT subsidiaries are independently revalued on an annual basis, this revaluation gain/(loss) is reported in the profit or loss in line with NZ IAS 40 Investment Property.

e) Receivables

Trade and other receivables are recorded at amounts due, less any loss allowance for expected credit loss (ECL). Initial recognition is at fair value and subsequently measured and amortised using the effective interest method. Bad debts are written off against the allowance account when these are deemed no longer collectable. Changes in the carrying amount of the allowance account are recognised in the profit or loss. The Trust and group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL.

f) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business.

Cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

g) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand in the Trust and group's establishments and current and short-term deposit accounts (with an original maturity of less than 3 months) maintained by the Trust and group with external banking institutions. Bank overdrafts that are repayable on demand and which form an integral part of the Trust and group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

h) Impairment of assets

The carrying amounts of the Trust's or Group's assets, other than inventories (refer accounting policy f) and deferred tax assets (accounting policy i), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount is the higher of fair value less costs to sell, and value in use. When assessing value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate to reflect market assessments of the time-value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

If the recoverable amount of an asset, or cash generating unit, is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount, and an impairment loss is recognised immediately in the profit or loss.

If 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 revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset previously. A reversal of impairment loss is recognised immediately in the profit or loss.

i) Income tax

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current income year, and any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at 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 is measured at tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

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 or liability in a transaction that affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

j) Payables

Trade and other payables are recognised when the Trust and group becomes obliged to make future payments resulting from the purchase of goods and services. Initial recognition is at fair value and subsequently measured and amortised using the effective interest method.

k) Provisions

A provision is recognised on the face of the balance sheet when the Trust and group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method, except for borrowing costs capitalised as part of the cost of constructed assets.

m) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and the liability is capable of reliable measurement.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal rates using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash flows to be made by the Trust in respect of services provided by employees up to the current reporting date.

n) Revenue

• Sale of goods and services incl Commercial Rental

Revenue from the sale of goods is recognised when the Trust and group has transferred to the buyer the significant risks and rewards of ownership of the goods. Risks and rewards are considered transferred to the buyer at the time of delivery of the goods to the customer. Sales of goods and services includes income from the rental of commercial property, income from this is recognised in equal monthly instalments across the lease term and adjusted for rental increases as they occur. Lease incentives provided are recognised in the profit and loss as an integral part of the rental income over the minimum term of the lease.

• Other trading revenue

Other trading revenue is revenue other than that derived from the sale of goods and services which arises in the normal course of the Trust and group's business activities, and includes:

o Gaming machine site rental

Rental income from site rental agreements with gaming machine operators and from other sources is recognised when it becomes due.

o TAB commission

TAB commission is based on turnover at TAB agencies operating on the Trust and group's premises.

• Operating Leases

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset.

• Finance income

Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established. Interest revenue is recognised on a time proportionate basis taking into account the effective yield on the financial asset.

• Other Rental Income

Other Rental Income is income received from the renting of space other than commercial space.

o) Expenses

• Operating lease payments

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Payments made under operating leases are recognised in the profit and loss on a straight line basis over the term of the lease. Lease incentives received are recognised in the profit and loss as an integral part of the total lease expense.

p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST, except for receivables and payables, which are reported inclusive of GST.

The GST component of the cash flows arising from investing and financing activities which is recoverable from, or payable to, the Inland Revenue Department is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amounts of GST recoverable from or payable to the Inland Revenue Department.

q) Grants

Decisions regarding grants from the Trust are made at monthly grant meetings. The Trust only distributes funds that are already available, and these funds are generally only available to those organisations or individuals whose family home is in the Trust's district. All grants are recognised in the profit or loss in the year in which the board becomes obliged to make payment payment.

r) Assets Available for Sale

'Assets Available for Sale' are those assets held where a commitment has been made to dispose of them and it is probable that the disposal will take place within 12 months. Assets held for sale are held at the lower of their carrying amount or their fair value less costs to sell.

s) Discontinued Operations

Discontinued Operations are those components of the business that have either been disposed of or are classified as 'available for sale. A 'component' of the business is where the operations and cash flows can be clearly distinguished operationally and for financial reporting purposes.

t) Changes in Accounting Policies

There have been no changes in Accounting Policies in comparison with the prior year except for those detailed in the Adoption of New and Revised Standards on page 4.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	Group 2022 \$	Group 2021 \$	Parent 2022 \$	Parent 2021 \$
Revenue	1	2,121,139	2,238,538	1,294,409	1,468,409
Less Cost of Sales		(252,081)	(299,659)	(252,081)	(299,659)
Gross Profit		1,869,058	1,938,879	1,042,328	1,168,750
Other Revenue	2	224,768	581,488	347,690	639,335
Payroll Expenses	5	(536,609)	(489,542)	(536,609)	(489,542)
Other Expenses	3	(611,581)	(581,214)	(480,776)	(463,800)
Property Expenses	4	(182,148)	(297,192)	(91,026)	(209,299)
Depreciation		(37,586)	(25,922)	(37,586)	(25,922)
Gain/(Loss) on Disposal		(8,797)	(1,794,965)	(8,797)	(1,794,965)
Fair Value movement in Investment Properties		884,477	(43,483)	125,461	(35,214)
Operating Profit/(Loss)		1,601,582	(711,951)	360,685	(1,210,657)
Finance Cost – Interest		(62,437)	(130,185)	(375)	(89)
Profit/(Loss) Before Income Tax		1,539,145	(842,136)	360,310	(1,210,746)
Income Tax (Expense)/Credit	7	-	-	-	-
Net Profit/(Loss) for the period		1,539,145	(842,136)	360,310	(1,210,746)
Other Comprehensive Income		(96,000)	339,786	(96,000)	339,786
Total Comprehensive Income		1,443,145	(502,350)	264,310	(870,960)

Braided Rivers Community Trust is a Community Trust which 'controls' its subsidiaries which are consolidated within these financial statements. 100% of all earnings from the Trust's subsidiaries is available to be distributed for charitable purposes, this includes all earnings from both continuing and discontinued operations as well as operating and non operating profits. 100% of the parents earnings including all earnings from both continuing and discontinued operations as well as operating and non operating profits are available to be distributed to any of the purposes prescribed in the Sale and Supply of Alcohol Act 2012.

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY
For the year ended 31 March 2022

STATEMENT OF MOVEMENTS IN EQUITY - Parent
For the year ended 31 March 2022

	Retained Earnings \$	Revaluation Reserve \$	Total Equity \$
Balance at 1 April 2020	16,619,559	-	16,619,559
Net Profit/Loss for the period	(1,210,746)		(1,210,746)
Other Comprehensive Income	-	339,786	339,786
Balance at 31 March 2021	15,408,813	339,786	15,748,599
Balance at 1 April 2021	15,408,813	339,786	15,748,599
Net Profit/Loss for the period	360,310	-	360,310
Other Comprehensive Income	-	(96,000)	(96,000)
Balance at 31 March 2022	15,769,123	243,786	16,012,909

STATEMENT OF MOVEMENTS IN EQUITY - Group
For the year ended 31 March 2022

	Retained Earnings \$	Revaluation Reserve \$	Total Equity \$
Balance at 1 April 2020	21,903,717	-	21,903,717
Net Profit/Loss for the period	(842,136)		(842,136)
Other Comprehensive Income	-	339,786	339,786
Balance at 31 March 2021	21,061,581	339,786	21,401,367
Balance at 1 April 2021	21,061,581	339,786	21,401,367
Net Profit/Loss for the period	1,539,145	-	1,539,145
Other Comprehensive Income	-	(96,000)	(96,000)
Balance at 31 March 2022	22,600,726	243,786	22,844,512

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	Group 2022 \$	Group 2021 \$	Parent 2022 \$	Parent 2021 \$
Current Assets					
Cash and Cash Balance	8	1,397,318	4,660,117	1,230,617	4,483,108
Term Deposits greater than 90 days		557,270	254,846	557,270	254,846
Trade and Other Receivables	9	15,491	21,934	20,677	22,718
Prepayments	9	37,853	55,575	25,550	37,697
Term Advance	23	-	-	360,000	-
Vendor Finance		16,986	94,703	16,986	94,703
Insurance Aggregate Fund		30,470	30,470	24,672	24,672
Tenant Incentives		25,336	23,338	-	-
Inventories	10	20,688	27,599	20,688	27,599
		<u>2,101,412</u>	<u>5,168,582</u>	<u>2,256,460</u>	<u>4,945,343</u>
Non Current Assets					
Financial Assets - Investment in Shares	14(a)	1,137,404	1,235,082	1,137,404	1,235,082
Managed Fund	14(b)	3,531,243	2,535,361	3,531,243	2,535,361
Investment Properties	14(c)	17,512,557	15,716,315	7,846,242	6,940,000
Property, Plant & Equipment	13	339,717	338,972	339,717	338,972
Term Advance	23	-	-	1,170,000	-
Tenant Incentives		30,793	49,804	-	-
		<u>22,551,714</u>	<u>19,875,534</u>	<u>14,024,606</u>	<u>11,049,415</u>
Total Assets		<u>24,653,126</u>	<u>25,044,116</u>	<u>16,281,066</u>	<u>15,994,758</u>
Current Liabilities					
Trade & Other Payables	11	285,264	231,311	179,521	172,403
Finance Lease	20	-	-	-	-
ANZ - Flexible Facility	8	100,602	360	-	-
Mortgage ANZ Bank		-	141,773	-	-
Employee Entitlements	12	78,737	65,783	78,737	65,783
		<u>464,603</u>	<u>439,227</u>	<u>258,258</u>	<u>238,186</u>
Non Current Liabilities					
Provision for Employee Entitlements	12	9,899	7,973	9,899	7,973
Deferred Taxation	7	-	-	-	-
Loans – Supplier Finance		-	-	-	-
Mortgage ANZ Bank	23	1,334,112	3,195,549	-	-
		<u>1,344,011</u>	<u>3,203,522</u>	<u>9,899</u>	<u>7,973</u>
Total Liabilities		<u>1,808,614</u>	<u>3,642,749</u>	<u>268,157</u>	<u>246,159</u>
Net Assets		<u>22,844,512</u>	<u>21,401,367</u>	<u>16,012,909</u>	<u>15,748,599</u>
Represented By					
Retained Earnings	16	22,600,726	21,061,581	15,769,123	15,408,813
Revaluation Reserve	18(b)	243,786	339,786	243,786	339,786
Total Equity		<u>22,844,512</u>	<u>21,401,367</u>	<u>16,012,909</u>	<u>15,748,599</u>

R. Reid
CEO
Date:

18/8/22

C. Robertson
Chairperson
Date:

18/8/22

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2022

Notes	Group 2022 \$	Group 2021 \$	Parent 2022 \$	Parent 2021 \$
<u>Cash Flow From Operating Activities:</u>				
Cash was provided from:				
Income from Interest	31,081	25,017	84,715	25,014
Income from Dividends	84,357	97,331	84,357	97,331
Receipts from Customers	2,155,020	2,329,258	1,331,160	1,508,779
GST	12,669	(9,335)	2,779	(15,832)
	2,283,127	2,442,271	1,503,011	1,615,292
Cash was disbursed to:				
Payments to Suppliers and Employees	(1,556,921)	(1,840,515)	(1,332,511)	(1,589,987)
Interest Paid	(62,437)	(130,185)	(375)	(89)
	(1,619,358)	(1,970,700)	(1,332,886)	(1,590,076)
Net Flow from Operating Activities	663,769	471,571	170,125	25,216
<u>Cash Flow From Investing Activities:</u>				
Cash was provided from:				
Proceeds from Sale of Fixed Assets	-	4,010,809	-	4,010,809
Term Deposits greater than 90 days	77,717	317,417	377,717	317,417
Repayment of Advance	-	-	-	-
	77,717	4,328,226	377,717	4,328,226
Cash was disbursed to:				
Purchase of Investment Property	(913,369)	(8,269)	(782,385)	-
Advance	-	(94,703)	(1,830,000)	(94,703)
Term Deposits greater than 90 days	(302,424)	-	(302,424)	-
Purchase of Managed Funds	(840,000)	(270,000)	(840,000)	(270,000)
Purchase of Fixed Assets and Intangibles	(45,524)	(124,219)	(45,524)	(124,219)
	(2,101,317)	(497,191)	(3,800,333)	(488,922)
Net Flow from Investing Activities	(2,023,600)	3,831,035	(3,422,616)	3,839,304
<u>Cash Flow From Financing Activities:</u>				
Cash was provided from:				
Loan Payment Received	-	-	-	-
	-	-	-	-
Cash was disbursed to:				
Repayments of Mortgage	(2,003,570)	(472,742)	-	-
	(2,003,570)	(472,742)	-	-
Net Flow from Financing Activities	(2,003,570)	(472,742)	-	-
Net Increase / (Decrease) in Cash Held	(3,363,401)	3,829,864	(3,252,491)	3,864,520
Add Opening Cash Brought Forward	4,660,117	830,253	4,483,108	618,588
Ending Cash Carried Forward	8 1,296,716	4,660,117	1,230,617	4,483,108

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements

NOTES TO THE ACCOUNTS

Notes	Group 2022 \$	Group 2021 \$	Parent 2022 \$	Parent 2021 \$
1 Revenue				
Revenue comprises sales of products and services to external parties, categorised as follows:				
Commercial Property Rental	1,257,983	1,332,155	431,253	562,026
Liquor	610,004	666,398	610,004	666,398
Meals	36,693	40,674	36,693	40,674
Other	216,459	199,311	216,459	199,311
Total Revenue	<u>2,121,139</u>	<u>2,238,538</u>	<u>1,294,409</u>	<u>1,468,409</u>
2 Other Revenue				
Dividends Received	84,357	97,331	84,357	97,331
Interest Income	31,081	25,017	84,715	25,014
Realised Gain on Investments	1,166	(19,665)	1,166	(19,665)
Unrealised Gain on Investments	108,958	486,221	108,958	486,221
Management Services	(751)	(7,416)	68,537	50,434
Capital Gains	-	-	-	-
Other	(43)	-	(43)	-
Total Other Income	<u>224,768</u>	<u>581,488</u>	<u>347,690</u>	<u>639,335</u>
3 Other Expenses				
Audit Fee	80,887	79,691	61,565	60,932
Bad Debts	(6,994)	(13,126)	(6,994)	(5,474)
Members Expenses	20 12,988	3,160	12,988	3,160
Members Remuneration	20 79,032	79,000	79,032	79,000
Other	445,668	432,489	334,185	326,182
	<u>611,581</u>	<u>581,214</u>	<u>480,776</u>	<u>463,800</u>
4 Property Expenses				
Insurance	72,003	72,469	23,676	28,674
Rent and Rates	50,184	52,969	21,296	21,236
Repairs and Maintenance	44,733	165,407	30,826	153,042
Replacements	15,228	6,347	15,228	6,347
Other	-	-	-	-
	<u>182,148</u>	<u>297,192</u>	<u>91,026</u>	<u>209,299</u>

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements

	Group 2022 \$	Group 2021 \$	Parent 2022 \$	Parent 2021 \$
5 Staffing Costs				
Wages and Salaries	522,004	491,306	522,004	491,306
Changes to Provisions	14,605	(1,764)	14,605	(1,764)
Total Staff Costs	536,609	489,542	536,609	489,542

As required under section 335 (4) (b) (ii) Sale and Supply of Alcohol Act 2012) numbers of employees and former employees of the trust who received in excess of \$100,000 by way of remuneration and other benefits during the financial year are as follows:

Remuneration band

\$150,000 - \$160,000	-	1	-	1
\$140,000 - \$150,000	1	-	1	-

6 Grants

Profits made by the Trust that are not required for the development of the Trust's facilities and continuing operations may be made available for granting to community groups domiciled within the Trust's geographic region.

Grants paid to such groups amounted to:	97,552	99,451	97,552	99,451
Future grants committed:				
within 12 months	27,500	12,500	27,500	12,500
1 to 5 years	57,000	44,000	57,000	44,000
over 5 years	16,500	27,000	16,500	27,000

7 Taxation – Parent & Group

(a) <u>Tax Expense/(Credit) comprises</u>	2022 \$	2021 \$
Statement of Financial Performance		
Current Income Tax	-	-
Deferred Tax (Credit)/Expense – Temporary differences	-	-
Tax Expense/(Credit)	-	-

(b) Reconciliation of effective tax rate

Accounting profit before tax from continuing operations	1,539,145	(842,136)	360,310	(1,210,746)
Accounting profit before tax from discontinued operations	-	-	-	-
Net Profit/(Loss) before tax	1,539,145	(842,136)	360,310	(1,210,746)
Prima facie Tax at 28%	430,961	(235,798)	100,887	(339,009)
Unused imputation Credits converted to tax Losses	-	-	(22,564)	(31,629)
Non-Assessable Revenue/Income	(430,962)	235,797	(78,323)	370,637
Tax Expense	-	-	-	-

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements

(c) Deferred Income Tax

<u>Deferred tax</u>	<u>Employee Entitlements</u>	<u>Unused Tax Losses</u>	<u>PPE and Investment Properties</u>	<u>Total</u>
	\$	\$	\$	\$
Deferred tax Asset/(liability) 1 April 2020	13,747	1,070,083	(1,083,830)	-
(Charged)/credited to Financial Performance	1,361	(395,500)	394,139	-
(Charged)/credited to Equity	-	-	-	-
Deferred tax as at 31 March 2021	15,108	674,583	(689,691)	-
(Charged)/credited to Financial Performance	1,298	30,571	(31,869)	-
(Charged)/credited to Equity	-	-	-	-
Deferred tax as at 31 March 2022	16,406	705,154	(721,560)	-

A deferred tax asset has not been recognised in relation to tax losses of \$3,956,361 (2021: \$4,136,718)

8 Cash and Cash Equivalents	Group 2022	Group 2021	Parent 2022	Parent 2021
	\$	\$	\$	\$
Funds in Bank	1,219,822	4,566,318	1,182,226	4,439,673
Granting Account	129,105	50,364	-	-
Maintenance Reserves	20,784	16,133	20,784	16,133
Imprest Advances	27,607	27,302	27,607	27,302
	1,397,318	4,660,117	1,230,617	4,483,108
ANZ - Flexible Facility	(100,602)	-	-	-
Cash & Cash Equivalents	1,296,716	4,660,117	1,230,617	4,483,108

9 Trade and Other Receivables				
Trade Receivables	1,856	239	7,042	1,023
Other Receivables	13,635	21,695	13,635	21,695
	15,491	21,934	20,677	22,718
Prepayments	37,853	55,575	25,550	37,697
Total Receivables and Prepayments	53,344	77,509	46,227	60,415

As of 31 March 2022 trade receivables of \$Nil (2021 \$Nil) were due to the Parent from the Subsidiaries.

10 Inventories

The Trust's inventories comprise of the following:

Beverages, Cigarettes & Bar Sundries	19,935	26,847	19,935	26,847
Food	753	752	753	752
	20,688	27,599	20,688	27,599

Some inventories are subject to retention of title clauses until payment is received by the suppliers.

11 Trade and Other Payables

Trading Supplies	141,097	69,871	67,584	61,480
Capital Projects	-	-	-	-
Accruals	144,167	161,440	111,937	110,923
	285,264	231,311	179,521	172,403

As of 31 March 2022 trade payables of \$Nil (2021 \$Nil) were to due to Subsidiaries from the Parent.

As of 31 March 2022 trade payables of \$Nil (2021 \$Nil) were due to the other Related Parties.

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements

12 Provision for Employee Entitlements – Parent and Group

	Vested Leave \$	Unvested Leave \$	Total \$
Opening Balance 1 April 2020	64,828	10,692	75,520
Additional provision recognised	46,972	1,925	48,897
Reduction arising from payments	(29,575)	-	(29,575)
Reductions arising from staff terminations	(21,086)	-	(21,086)
Transfer to Vested Leave	2,719	(2,718)	1
Balance at 31 March 2021	63,858	9,899	73,757
Additional provision Recognised	45,011	5,122	50,133
Reduction arising from payments	(26,001)	-	(26,001)
Reductions arising from staff terminations	(9,253)	-	(9,253)
Transfer to Vested Leave	-	-	-
Balance at 31 March 2022	73,615	15,021	88,636
Disclosed as a Current Liability	63,858	1,925	65,783
Disclosed as a Non-Current Liability	-	7,973	7,973
Balance at 31 March 2021	63,858	9,898	73,756
Disclosed as a Current Liability	73,615	5,122	78,737
Disclosed as a Non-Current Liability	-	9,899	9,899
Balance at 31 March 2022	73,615	15,021	88,636

Vested leave represents both annual leave due to employees, and long service leave to which staff have become entitled, and which has vested.

Unvested long service leave represents the Trust's assessment of its exposure relating to staff for whom the entitlement is yet to vest.

13 Property, Plant and Equipment

a) Property Plant & Equipment – Routine Fixed Assets - Parent & Group

Cost / Valuation	Land	Buildings	Equipment	Vehicles	Work in Progress	Total
Balance 1 April 2020	124,246	208,723	597,025	48,575	2,742	981,311
Balance 31 March 2021	124,246	219,814	542,350	48,575	-	934,985
Acquisitions	-	8,038	33,304	-	1,300	42,642
Disposals	-	(27,891)	(122,895)	-	-	(150,786)
Balance 31 March 2022	124,246	199,961	452,759	48,575	1,300	826,841
Accumulated Depreciation / Amortisation / Impairment	Land	Buildings	Equipment	Vehicles	Work in Progress	Total
Balance 1 April 2020	1,470	120,236	500,491	42,452	-	664,649
Balance 31 March 2021	1,543	124,310	425,871	44,289	-	596,013
Disposals	-	(25,562)	(120,914)	-	-	(146,476)
Depreciation Expense	73	5,275	30,952	1,286	-	37,586
Balance 31 March 2022	1,616	104,023	335,909	45,575	-	487,123
NBV 31 March 2021	122,703	95,504	116,479	4,286	-	338,972
NBV 31 March 2022	122,630	95,938	116,850	3,000	1,300	339,718

14 Investments

(a) Investment in Shares

The Trust holds 357,658 (2021 357,658) ordinary shares issued by DB South Island Brewery Ltd. This holding represents 4.97% of the 7,200,000 (2021 7,200,000) shares issued by that company.

The shares were revalued as at 31 March 2022. The fair value was determined by an independent valuer by applying the capitalisation of earnings method. The main assumption used in the valuation was a multiplier of 5.85 (2021: 5.88). The valuation date was 31 December 2021 and the Trust determined that the value approximated to the fair value at the measurement date (31 March 2022).

	Group 2022 \$	Group 2021 \$	Parent 2022 \$	Parent 2021 \$
DB South Island Brewery Ltd:				
Balance at start of financial period	1,232,000	892,214	1,232,000	892,214
Revaluation to fair value	(96,000)	339,786	(96,000)	339,786
Closing Balance	1,136,000	1,232,000	1,136,000	1,232,000
Other Investments:				
Foodstuffs (SI) Ltd – share credits	1,404	3,082	1,404	3,082
Total Investments closing balance	1,137,404	1,235,082	1,137,404	1,235,082

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements

(b) Managed Fund

	Group 2022	Group 2021	Parent 2022	Parent 2021
	\$	\$	\$	\$

In September 2018 the Trust appointed Jarden to manage investments in financial assets on its behalf. Investments in this managed fund are made in compliance with pre agreed investment allocations between different financial asset classes based on criteria set out in the Trusts Statement of Investment Policies and Objectives (SIPO). The fair value of the managed fund was determined by Jarden through quoted prices in the relevant active markets as of 31 March 2022.

Managed Fund

Cash	304,859	17,578	304,859	17,578
NZ Fixed Interest	857,733	546,886	857,733	546,886
NZ Equity	793,627	651,328	793,627	651,328
Global Equity	1,575,024	1,319,569	1,575,024	1,319,569
Closing Balance	3,531,243	2,535,361	3,531,243	2,535,361

c) Investment Property – Group

Balance as at 1 April	15,716,315	21,481,315	6,940,000	12,705,000
Additions (Subsequent Expenditure)	157,127	110,193	26,143	101,924
Additions (Acquisition)	756,242	-	756,242	-
Disposals	(1,604)	(5,831,710)	(1,604)	(5,831,710)
Fair Value Gain/(Loss)	884,477	(43,483)	125,461	(35,214)
Total Investment Property closing balance	17,512,557	15,716,315	7,846,242	6,940,000

Parent - The carrying amount of Investment Property has been revalued to fair value at 31 March 2022. Similar to prior year, the valuer considers there is significant market uncertainty affecting the Tinwald complex valuation, this results in significant valuation uncertainty of this investment property due to Covid-19. Fair value was determined by independent market valuation undertaken by Clark McLeod & Associates Ltd as at 31 March 2022. Clark McLeod & Associates Ltd are registered valuers with extensive experience valuing commercial properties in the Mid Canterbury area. The valuer prepared their valuation based on empirical data available at the date of valuation. The main assumption used in the valuation was the capitalisation rate. The valuer adopted a capitalisation rate of 6.1%-7.0% (2021 : 6.1%-7.25%). For residential rental properties purchase this year, cost is considered fair value.

Somerset Ashburton Ltd - The carrying amount of Investment Property has been revalued to market value at 31 March 2022. The revalued amount was determined by an independent market valuation undertaken by Clark McLeod & Associates Ltd as at 31 March 2022. Clark McLeod & Associates Ltd are registered valuers with extensive experience valuing commercial properties in the Mid Canterbury area. The valuer prepared their valuation based on empirical data available at the date of valuation. The main assumption used in the valuation was the capitalisation rate. The valuer adopted a capitalisation rate of 7.75% (2021: 8.5%). The amount of this fair value gain/(loss) has been recognised as income in the operating profit for the year.

Sensitivity Analysis (Capitalisation rate)

-0.25%	+\$655,000
+0.25%	-\$590,000

Rental Income from Investment Properties	1,257,983	1,332,155	431,253	562,026
Direct Operating Costs generating Rental Income	(227,743)	(342,518)	(9,175)	(135,227)
Direct Operating Costs that did not generate Rental Income	-	-	-	-

The Trust has no restriction on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements. ANZ hold a security interest over Somerset House, and investment property owned by SAL relating to the loan on this property.

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements

15 Retained Earnings and Reserves

	Group 2022 \$	Group 2021 \$	Parent 2022 \$	Parent 2021 \$
Retained Earnings				
Opening Balance	21,061,581	21,903,717	15,408,813	16,619,559
Net Profit/Loss for the Period	1,539,145	(842,136)	360,310	(1,210,746)
Closing Balance 31 March	22,600,726	21,061,581	15,769,123	15,408,813
Revaluation Reserve				
Opening Balance	339,786	-	339,786	-
Other Comprehensive Income	(96,000)	339,786	(96,000)	339,786
Closing Balance 31 March	243,786	339,786	243,786	339,786
Total Equity				
Opening Balance	21,401,367	21,903,717	15,748,599	16,619,559
Total Comprehensive Income	1,443,145	(502,350)	264,310	(870,960)
Closing Balance 31 March	22,844,512	21,401,367	16,012,909	15,748,599

Other Comprehensive income is made up entirely of the Fair Value movement of Investments in Shares

16 Exercise of Judgement and Estimation

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

17 Commitments for Expenditure**Capital Commitments**

The Trust has commitments of \$7,569 (2021: Nil) and \$1,300 paid by balance date.
SAT has committed nil at 31 March 2022 (2021 Nil)
SAL has capital commitments of \$400,779 at 31 March 2022 (2021 Nil)

Lease Commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in note 19.

18 Contingent Liabilities and Assets**NZ Racing Board**

The ANZ Bank has given a Guarantee of \$25,000 in favour of the NZ Racing Board on behalf of the Braided Rivers Community Trust. This guarantee relates to the operation of the TAB agency at the Devon Tavern. The liability under this guarantee would only become payable if the Braided Rivers Community Trust were unable to pay any money relating to the operation of the TAB agency to the NZ Racing Board.

There are no other contingent assets or contingent liabilities at balance date (2021 \$Nil).

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements

19 Leases

Finance Lease Liabilities

The Trust has no finance leases in place.

Operating Lease Commitments

The Group has entered into commercial leases on certain items of equipment. These leases have an average life of less than 12 months, with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 31 March are, as follows:

	Group 2022	Group 2021	Parent 2022	Parent 2021
	\$	\$	\$	\$
Within 12 months	925	3,428	3,459	5,784
Between 1 and 5 years	-	925	-	925
Greater than 5 years	-	-	-	-
	<u>925</u>	<u>4,353</u>	<u>3,459</u>	<u>6,709</u>

Operating Leases as a Lessor

Somerset Ashburton Ltd, a subsidiary of the Trust has entered into commercial property leases on its investment property, Somerset House. These non-cancellable leases have remaining terms of up to 57 months. During this financial year the Braided Rivers Community Trust has leased out 2 (2021: 2) of its properties which are classified as Investment Property. These non-cancellable leases have remaining terms of up to 53 months. All leases enable upward revision of the rental charge on a regular basis according to the specific terms of the lease.

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

No later than 1 Year	1,084,181	943,770	462,914	458,678
Later than 1 and not later than 5 years	2,660,307	2,616,360	1,545,770	1,834,712
Later than 5 years	-	156,675	-	156,675
	<u>3,744,488</u>	<u>3,716,805</u>	<u>2,008,684</u>	<u>2,450,065</u>

20 Related Parties

Somerset Ashburton Trust

The Community Trust formed the Somerset Ashburton Trust (previously known as the Braided Rivers Trust), a charitable trust, along with a charitable company, Somerset Ashburton Limited. Somerset Ashburton Trust is the sole shareholder of this company.

During the period the Licensing Trust provided to Braided Rivers Trust group of companies:

- Administration and accounting services to Somerset Ashburton Ltd for \$10,334 (2021 \$10,334)
- Management and marketing fees to Somerset Ashburton Ltd for \$10,000 (2021 \$6,667)
- Property management fees to Somerset Ashburton Ltd for \$43,196 (2021 \$28,433)
- Administration and accounting services to Somerset Ashburton Trust for \$5,750 (2021 \$5,750)
- Paid rental expense for Head Office of \$14,458 (2021 \$12,701) plus a share of operating expenses \$6,684 (2021 \$4,015).
- There was nothing outstanding at balance date. (2020 \$Nil)

Members

Transactions with the Trust and group are conducted in accordance with normal commercial practice. There were no transactions undertaken with board members this financial year (2021: Nil)

These transactions are regularly monitored to assess compliance with the Local Authorities (Members Interests') Act 1968.

Remuneration of Trust members (section 335 (4) (b) (i) Sale and Supply of Alcohol Act 2012)

Members of the Trust are remunerated based on attendance at meetings and on their positions within the Trust and Group.

Remuneration and expenses paid during the year amounted to:

President	25,000	25,000	25,000	25,000
Other Members Fees	54,032	54,000	54,032	54,000
Total Remuneration paid	79,032	79,000	79,032	79,000
Expenses reimbursed to the President and members				
Relating to meeting attendance and other activities	12,988	3,160	12,988	3,160
Total Cost	92,020	82,160	92,020	82,160

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The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with, these financial statements

Key Management Personnel

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Trust and Group, whether directly or indirectly. The Trust and Group has determined that in addition to the position of the CEO, board members and directors meet this definition.

For the purposes of this disclosure also, short-term employment benefits include wages, salaries, paid annual and sick leave, bonuses, contributions to superannuation schemes and non-monetary benefits, such as the use of motor vehicles and the payment of health insurance costs.

	Group 2022 \$	Group 2021 \$	Parent 2022 \$	Parent 2021 \$
Remuneration of Key Management Personnel				
Total Compensation paid to key management personnel	228,100	235,600	228,100	235,600

Term Advance

Inter-group loans and borrowings are conducted in accordance with normal commercial practice and are undertaken on a normal 'arms-length' basis. During the year Somerset Ashburton Ltd entered into 2 loan agreements with Braided Rivers Community Trust.

Interest Only Facility

In May 2021 BRCT advanced \$750,000 to SAL, this is a 5 year interest only facility

Opening Balance at 1 April	-	-	-	-
Funds Advanced	-	-	750,000	-
Repayments	-	-	-	-
Closing Balance 31 March	-	-	750,000	-

Interest is charged at current ANZ loan rates, at 31 March 2022 interest was being charged at 4.28%. Interest of \$23,915 was charged during this financial year (2021: \$Nil). Of this \$Nil was owed by the Company at balance date (2021: \$Nil).

Repayable over 3 years

In May 2021 BRCT advanced \$1,080,000 to SAL, this is a 3 year facility repayable by 36 equal monthly capital repayments.

Opening Balance at 1 April	-	-	-	-
Funds Advanced	-	-	1,080,000	-
Repayments	-	-	(300,000)	-
Closing Balance 31 March	-	-	780,000	-

Interest is charged at current ANZ loan rates, at 31 March 2022 interest was being charged at 4.28%. Interest of \$29,823 was charged during this financial year (2021: \$Nil). Of this \$Nil was owed by the Company at balance date (2021: \$Nil).

21 Events Subsequent to Balance Date

Subsequent to balance date SAL entered into an Agreement to lease with RMF Silva Ltd. This is a related party agreement as C Robertson and T Silva are directors of Somerset Ashburton Ltd, trustees of Somerset Ashburton Trust as well as shareholders and directors of RMF Silva Ltd. This lease commenced in July 2022 and includes an initial term of 8 years. This lease was negotiated at market rates. The lease was negotiated in line with specific protocols reviewed by the Office of the Auditor General to address any conflict of interest that may arise.

On 6th July 2022 a loan agreement was entered into by SAL with Braided Rivers Community Trust which allows it to draw down up to \$510,000, this agreement is on commercial terms.

There have been no undisclosed events subsequent to balance date (2021: Nil).

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22 Financial Instruments

The main risk arising from the Trust's and Group's financial Instruments is interest rate risk. The board reviews and agrees a policy for this risk and it is summarised below.

	Group 2022 \$	Group 2021 \$	Parent 2022 \$	Parent 2021 \$
Categories of Financial Instruments				
Financial Assets at Amortised Cost				
Cash and Cash Balance	1,397,318	4,660,117	1,230,617	4,483,108
Term Deposits greater than 90 days	557,270	254,846	557,270	254,846
Trade and Other Receivables	1,856	239	7,042	1,023
Term Advance	-	-	1,530,000	-
Vendor Finance	16,986	94,703	16,986	94,703
Financial Liabilities measured at Amortised Cost				
Trade Payables	141,097	69,871	67,584	61,480
ANZ Term loans	1,334,112	3,337,322	-	-
ANZ - Flexible Facility	100,602	360	-	-
Financial Assets measured at Fair Value through Profit & Loss				
Managed Fund	3,531,243	2,535,361	3,531,243	2,535,361
Financial Assets measured at Fair Value through Other Comprehensive Income				
Investment in Shares	1,137,404	1,235,082	1,137,404	1,235,082

Fair Values

The fair value of all financial instruments does not differ materially from the carrying amount.

Management have assessed that Cash and Cash Equivalents, Bank Overdrafts, Short-term deposits, Trade and Other payables, Trade and Other Receivables and other Current Liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Equity investments are being carried at cost unless market values are able to be reasonably determined and differ materially from the carrying amount.

23 Term Advance and Borrowings

Term Advance

Somerset Ashburton Ltd, a subsidiary of Somerset Ashburton Trust and Braided Rivers Community Trust has entered into loan agreements with both ANZ and Braided Rivers Community Trust. These loans and borrowings are conducted in accordance with normal commercial practice and are undertaken on a normal 'arms-length' basis.

	Group 2022 \$	Group 2021 \$	Parent 2022 \$	Parent 2021 \$
BRCT - Interest Only Facility (interest 4.28%)	-	-	750,000	-
BRCT - 36 month facility (interest 4.28%)	-	-	780,000	-
	-	-	1,530,000	-

Borrowings

ANZ - Interest Only Facility (interest 4.28%)	1,334,112	3,337,323	-	-
	1,334,112	3,337,323	-	-

ANZ loan interest was being charged at 4.28%. Interest of \$59,329 was charged during this financial year (2021: \$130,096). Of this \$Nil was owed by the Company at balance date (2021: \$Nil)

24 Composition of the Group

The Braided Rivers Community Trust is the Ultimate parent of the Braided Rivers Community Trust group. The Braided Rivers Community Trust has 'control' over the Somerset Ashburton Trust, Somerset Ashburton Trust is also the sole shareholder of Somerset Ashburton Ltd.

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25 Effects of COVID-19 on the Trust

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 a pandemic and two weeks later the New Zealand Government declared a State of National Emergency. From this, the country was in lockdown at Alert Level 4 for the period 26 March 2020 to 27 April 2020 and remained in lockdown at Alert Level 3, thereafter, until 13 May 2020.

In August 2021 a resurgence of Covid-19 in the form of the Delta variant resulted in a further lockdown. The country entered Alert Level 4 on 18 August 2021. Areas of the country south of Auckland moved to Alert level 3 from 3 Sept 2021 before a further reduction to Alert Level 2 on 8 Sept 2021. While the requirements of alert levels are more stringent this time the impact on the Trust and groups operations were similar to the same Alert levels last year.

During Alert level 3 & 4 the Trust closed all sites and implemented plans to work from home where possible.

Across the Trust and group's commercial properties are a diversified range of tenants from those able to operate as essential services through to hospitality businesses which were significantly impacted and were among the last to reopen.

After 8 September 2021, the Trust returned to business as usual with only minor disruption being caused by Covid-19.

The effect on our operations is reflected in these financial statements based on the information available and while some uncertainty remains, the risk is considered low.

We have also disclosed in the financial statements our significant assumptions and judgements regarding the future potential impacts that may have a material impact on the Trust. These uncertainties are unlikely to have a material impact on the Trust going forward.

The main impacts on the Trust's financial statements due to COVID-19 are explained below:

Rental Income

The majority of tenants across the group have continued to remain in place and honour the existing lease agreements. Tenants were provided a 2 week rent free period in August 2021 while the district was in Alert Level 4. Some further relief was provided to tenants on a case by case basis. Negotiations were entered into with a number of tenants to ensure the return from properties is maximised.

Hospitality Operations

Revenue from our hospitality operations ceased during the 'lockdown' period while most costs continued, the nature of these businesses has meant that revenue returned to normal levels quickly once able to reopen. The financial consequence of this was losses incurred during this period which were for a defined period and profitability has since returned to normal levels.

Payroll Costs

The Trust received the government wage subsidy for the initial 12 week period and again in August 2021. The Trust continued to pay its staff their regular entitlements and reported reduced payroll costs as a result of this.

Operating Expenses

Operating expenses confirmed at close to budget rates over the course of the year regardless of Covid alert levels.

Valuation of Investment Property

There has been a mixed impact to the ongoing strength of tenants in the Trust and groups properties as a result of Covid-19. The Trust has been working with tenants to try and ensure they remain viable and therefore maximising returns through its commercial property. While the impact on valuations was uncertain at 31 March 2020, operating conditions have become much clearer since which in turn has given greater confidence in the reliability of valuations in 2021 and again this year. There is still significant valuation uncertainty relating to one of the investment properties. Further information about the key valuation assumptions used in estimating the fair value of investment property at 31 March 2022 are provided in note 14.

Impairment of Land and Buildings

These land and building assets have been held for an extended period during which the market value of these assets has grown significantly. Management compared discounted future cashflows to the carrying value of the assets and determined that no impairment is required. Consequently, despite the reduced income from these assets creating some valuation uncertainty there is a comfortable level of valuation headroom.

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APPENDIX A.

Full Grants List	97,552
1st Ashburton Boys Brigade	900
Allenton Bowling Club	300
Ashburton Bridge Club	6,000
Ashburton Civic Music Council	500
Ashburton College	10,000
Ashburton County Scottish Society Pipe Band	2,000
Ashburton District Neighbourhood Support	1,146
Ashburton Methodist Parish	5,000
Ashburton Operatic Society Inc	5,000
Ashburton Town Watch Society	9,500
Ashburton Youth Café Charitable Trust	2,000
Ashburton Youth Council	326
Ashburton Performing Arts Theatre Trust	5,000
Canterbury Waterski Association	2,000
Community House Mid Canterbury	3,000
Connecting Mid Canterbury Charitable Trust	5,000
Farming Families Trust	
Hakatere Multicultural Council	1,000
Kai for Kids	4,500
Lions Club of Ashburton County	2,500
Mid Canterbury Bowling Greens Association	300
Mid Canterbury Childrens Trust - refunded	-2,500
Mid Canterbury Emergency Relief Charitable Trust	3,000
Mid Canterbury Hockey	2,500
Mid Canterbury Netball	3,000
Mid Canterbury Tennis	5,412
Mid Canterbury Tennis Charitable Trust	5,500
Multiple Sclerosis & Parkinsons Canterbury	2,000
Plains Ladies Friendship Club	1,100
Plains Museum Trust	500
Phoenix Preschool	4,432
Salvation Army	1,033
SI Ladies 4's Bowling	2,500
Target Shooting Mid Canterbury	2,703
Wheelchair Basketball	400

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