



2025 ANNUAL ACCOUNTS

INVERCARGILL
LICENSING TRUST
& ILT FOUNDATION



2025 Annual Accounts

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DIRECTORY

INVERCARGILL LICENSING TRUST BOARD MEMBERS

Mr P O'Brien ONZM	President
Ms A Newell BA, PG Dip TCHG, LTCL	Deputy President
Mr S Bellew	
Ms S Prentice CNZM OBE	
Mr G Hawkes	
Ms S Carey	

EXECUTIVE OFFICERS

Mr C Ramsay BA	Chief Executive Officer
Ms K Burgess	People and Capability Executive
Mr T Laidlaw	Operations Executive
Mrs A Shand BA	Marketing and Innovation Executive
Ms N Buckley	Corporate Sales Executive
Mr B Guha FCA	Chief Financial Officer

TRUST OFFICE

252 Dee Street
Invercargill 9810
Telephone (03) 211 3640

BANKERS

Westpac New Zealand Limited
Invercargill

SOLICITORS

Ward Adams Bryan-Lamb
Invercargill

AUDITORS

KPMG
on behalf of the Controller and Auditor-General

ILT FOUNDATION

Trustees

Mr P O'Brien ONZM	Chairperson
Ms A Newell BA, PG Dip TCHG LTCL	
Mr S Bellew	
Ms S Prentice CNZM OBE	
Mr G Hawkes	
Ms S Carey	
Mr A Ward LLB	
Mr J McKenzie BSR Mgmt, G Dip TCHG, Grad Cert Career Couns, M. Couns	
Ms A Smith	

Manager

Ms L Fleck (Until 20 June 2025)

Annual Report

Invercargill Licensing Trust

ILT FOUNDATION
For the year ended 31 March 2025

President & CEO's Report

We are pleased to present the annual report for the Invercargill Licensing Trust (ILT) for the Financial Year to 31 March 2025. As with so many of these post-COVID years, this financial year has been a standout for the challenges we have had to face. The cost of living has hit our industry hard and clearly showed through in all areas of our business.

The first six months of the financial year were particularly difficult, and we entered the back half of the year almost \$1 million down or 29% down in pre-tax profit compared to the same point in the year prior.

Our strong recovery in the second half stemmed largely from a surge in conferences and national events hosted in Invercargill, almost all of which our funding helped secure for the region. Highlights included the National Pipe Band Championship, despite the weather, the largest gathering of its kind in New Zealand, alongside the NZ Marching Championships, BMX Nationals and NZ Evergreen Men's Softball Tournament. These events were vital in drawing visitors and revenues from outside the region, offsetting reduced local spending.

Thanks to this turnaround, we finished the year with a profit before donations and tax of \$7,010 million—an improvement of \$391k or 5.91% better than the year prior. In the current economic climate, this is a result to be proud of.

This result enabled Donations from ILT to the community to total \$3,485 million, an increase of more than \$200K or 6% up on the previous year. This contributed to the total Donations from ILT Group of \$8,872 million.

These grants supported a wide range of groups and initiatives across the community. Among the many groups to benefit were Te Unua Museum of Southland, which received an additional \$0.5 million donation (so far \$1.5 million contributed), the Learn to Swim programme, and funding for a new outdoor space at Southland Hospital's Emergency Department. Through our ongoing commitment to the Mileys Programme and our tertiary scholarships, we continue to support both the well-being and future opportunities of our region's young people.

This year also saw the completion of two major community projects, the Southern Charity Hospital, established with ILT support in the former Clifton Club Tavern, and the Hawthorndale Care Village. Both are testament to what our community can achieve.

We continue to reinvest in our businesses, with Capex and R&M expenditure ongoing throughout the year. The most recent development has been room refurbishments at Homestead Villas. This refurbishment also included installing EV chargers. EV chargers are now available at all ILT accommodation properties. These steps form part of our broader commitment to innovation, sustainability and continuous improvement.

Our people remain at the heart of everything we do. Staffing levels peaked around 720, and our low turnover rate signals that ILT remains an employer of choice in the region. Our enhanced training and development programmes are creating clear career pathways and helping our staff achieve their potential.

ILT's efforts to promote Invercargill as an events destination continued, which brought tangible benefits for the city, as reflected in the vibrant events calendar and thousands of visitors over the past summer. Our team focused on national direct sales and participated in key trade shows such as TRENZ and Meetings to keep Invercargill top of mind for the tourism and events industry, securing valuable business that the whole community has benefitted from.

We are mindful that market conditions are evolving rapidly, with an increased supply of accommodation rooms expected to affect future performance. As always, our capacity to support Invercargill organisations through funding will reflect our financial position.

As we close out our 80th year, the future of ILT remains strong. This strength has always depended on the support of the Invercargill community, our shareholders. Thank you for your continued patronage and trust.



Paddy O'Brien
ILT PRESIDENT



Chris Ramsay
ILT CEO

GROUP FINANCIAL PERFORMANCE for the year ended 31 March 2025

The consolidated group consists of:

- Invercargill Licensing Trust
- ILT Foundation
- The equity accounted value of the Invercargill Licensing Trust's investment in DB South Island Brewery Ltd.

The ILT Group achieved a profit of, after donations and tax, of \$2.038 million for the year to 31 March 2025 as compared to a loss of \$7.833 million the previous year.

ILT (GROUP) NET AFTER-TAX PROFIT

	2025	2024
	\$000	\$000
Invercargill Licensing Trust (Parent) after Impairment	7,027	6,683
Change in Value of Associate Company	453	751
ILT Foundation	5,133	5,317
Consolidated Group Surplus	12,613	12,751
Less Disposal of Property, Plant & Equipment	(29)	(64)
Less Tax	(1,674)	(11,404)
Consolidated (Group) Surplus after Tax	10,910	1,283
Less Grants Allocated	8,872	9,116
Net Surplus (Deficit) for the year	2,038	(7,833)

OVERVIEW

- The Invercargill Licensing Trust recorded a higher level of profit before donations and tax of \$7.010 million as compared to \$6.619 million in 2024.
- Value of Associated Company: The value of the Trust's investment in DB South Island Brewery Ltd Increased by \$453,000 (compared to a \$751,000 increase recorded last year).
- The ILT Foundation recorded surplus of total of \$5.133 million (down from \$5.317 million last year).
- The level of grants made to the community for the year totalled \$8.872 million compared to \$9.116 million last year.
- The Invercargill Licensing Trust Tax Expense for the year ended 31 March 2025 is \$1.674 million. This is made up of Income Tax Payable of \$1.572 million and a Change in Deferred Income Tax of \$0.102 million. (Tax Expense for 2024 was \$11.404 million. This is made up of Income Tax Payable of \$1.058 million and a Change in Deferred Income Tax of \$10.346 million. This Change in Deferred Income Tax is a result of the Government enacting legislation on 28 March 2025 that changes the Depreciation for Commercial Buildings, with a useful life of 50 years or more, to a depreciation rate of 0% for the financial year starting 1 April 2024).



INVERCARGILL LICENSING TRUST

FINANCIAL PERFORMANCE

The Invercargill Licensing Trust Parent profit after donations and taxation for the year was \$1.851 million. This profit includes a tax for \$1.572 million with a deferred taxation expense for \$0.102 million.

The Gross Profit for this year at \$48.020 million is \$163,000 lower than last year at \$48.183 million.

Operating expenses this year is at \$42.887 million which is \$488,000 lower than last year at \$43.375 million. This is mainly due to the lower depreciation of \$0.515 million, higher general operating expenses of \$0.847 million, lower loss on disposal of Property, Plant & Equipment of \$40,000 and lower employment expenses of \$0.780 million. No impairments were made for the financial years ending 31 March 2025 and 31 March 2024.

Investment income this year is \$356,000 as compared to \$451,000 last year, a decrease of \$95,000. This is directly attributed to the falling interest rates.

FINANCIAL STRENGTH

The Trust's financial position remains very strong with a low level of term debt of \$8.010 million and a total asset base of \$89.610 million.

- Equity has increased by \$1.849 million to a total of \$66.124 million.
- Grants of \$3.485 million were allocated, higher than last year's total of \$3.277 million, an increase of \$208,000.



Established by ILT in 2006, the ILT Foundation's core purpose is to redistribute community funding generated from 153 gaming machines across nine ILT venues delivering tangible benefits to Invercargill and its residents.

Over the past 19 years, the Foundation has awarded nearly \$105 million in grants supporting a wide range of local initiatives.

Grants returned to the community for the year ended 31 March 2025 totalled \$5.387 million.

The Foundation remains focused on maximising community support by operating efficiently and managing costs prudently. Social responsibility is central to our approach, we are committed to providing safe, enjoyable gaming environments and minimising gambling-related harm where possible. Ongoing staff training and investment in the latest technologies ensure our venues uphold the highest standards of player safety and care.

We also actively seek opportunities to collaborate with community partners, ensuring our funding far-reaching, positive impacts across many sectors of Invercargill.

2025 Financial Statements

The Trustees are pleased to present the Financial Statements of the Invercargill Licensing Trust for the year ended 31 March 2025 on pages 9 to 36.

For and on behalf of the Board of Trustees:



Paddy O'Brien
President



Angela Newell
Deputy President

27 August 2025

INVERCARGILL LICENSING TRUST

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2025

		GROUP		PARENT	
		2025	2024	2025	2024
	Notes	\$000	\$000	\$000	\$000
Income					
Sale of Goods and Services	1	120,746	122,683	110,032	111,858
Less Cost of Sales		62,016	63,675	62,012	63,675
Gross Profit		58,730	59,008	48,020	48,183
Other trading income	2	347	301	2,102	2,061
Net Income		59,077	59,309	50,122	50,244
Less Expenses					
Operating expenses	3	12,906	12,052	12,158	11,311
Depreciation, Amortisation and Impairment	15, 17	3,868	4,379	3,485	4,000
Loss on disposal of Property, Plant & Equipment		29	64	17	57
Gaming Duty expenses		2,464	2,490	-	-
Employment expenses		27,520	28,258	27,227	28,007
Total Operating Expenses		46,787	47,243	42,887	43,375
Surplus before Finance Income		12,290	12,066	7,235	6,869
Finance Income	4	422	571	356	451
Share of Profit of Associate	18	453	751	-	-
Less Finance expenses	4	581	701	581	701
Net Finance Income / (Expense)		294	621	(225)	(250)
Surplus before Donations and Taxation		12,584	12,687	7,010	6,619
Donations expense	5	8,872	9,116	3,485	3,277
Surplus before Taxation		3,712	3,571	3,525	3,342
Income Tax expense	6	1,674	11,404	1,674	11,404
Net Surplus / (Deficit) after Taxation		2,038	(7,833)	1,851	(8,062)

The accompanying policies and notes form part of these financial statements

INVERCARGILL LICENSING TRUST

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2025

	GROUP		PARENT	
	2025	2024	2025	2024
	\$000	\$000	\$000	\$000
Net Surplus / (Deficit) After Taxation	2,038	(7,833)	1,851	(8,062)
Other Comprehensive Income	-	-	-	-
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income / (Loss)	2,038	(7,833)	1,851	(8,062)

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2025

	GROUP		PARENT	
	2025	2024	2025	2024
	\$000	\$000	\$000	\$000
Equity at the start of the Year	70,240	78,068	64,275	72,333
Adjusted balance at the start of the year	70,238	78,073	64,273	72,337
Net Surplus / (Deficit) for the Year	2,038	(7,833)	1,851	(8,062)
Other Comprehensive Income	-	-	-	-
Changes in Equity for the Year	2,038	(7,833)	1,851	(8,062)
Equity at the end of the Year	72,276	70,240	66,124	64,275

The accompanying policies and notes form part of these financial statements

INVERCARGILL LICENSING TRUST

STATEMENT OF FINANCIAL POSITION

as at 31 March 2025

		GROUP		PARENT	
		2025	2024	2025	2024
		\$000	\$000	\$000	\$000
Notes					
Current Assets					
Cash and cash equivalents	10	15,191	12,355	14,711	12,051
Trade and other Receivables	11	5,409	5,468	5,056	5,227
Inventories	12	8,452	8,710	8,452	8,710
Financial Assets	13	750	1,302	-	302
		29,802	27,835	28,219	26,290
Non Current Assets					
Property, Plant and Equipment	15	60,079	60,146	59,118	59,290
Right of use assets	15	659	848	659	848
Capital work in progress	16	278	555	165	299
Intangible Assets	17	465	444	465	444
Investment in Associate	18	5,346	4,893	935	935
Financial Assets	13	199	689	49	189
		67,026	67,575	61,391	62,005
Total Assets		96,828	95,410	89,610	88,295
Current Liabilities					
Trade and other Payables	22	8,586	9,077	7,750	8,453
Donations Allocated	19	531	569	318	64
Taxation Payable	14	820	6	820	6
Advances	25	94	86	94	86
Lease Liabilities	23	211	204	211	204
Borrowings	29	8,010	8,648	8,010	8,648
Employee Entitlements	20	2,330	2,502	2,313	2,481
		20,582	21,092	19,516	19,942
Non Current Liabilities					
Deferred Taxation	21	3,268	3,165	3,268	3,165
Employee Entitlements	20	140	140	140	140
Lease Liabilities	23	562	773	562	773
		3,970	4,078	3,970	4,078
Total Liabilities		24,552	25,170	23,486	24,020
NET ASSETS		72,276	70,240	66,124	64,275
Equity					
Retained Earnings	7	61,977	60,409	60,236	58,403
Reserves	8	7,057	6,604	2,646	2,646
Donations Reserve	9	3,242	3,227	3,242	3,227
TOTAL EQUITY		72,276	70,240	66,124	64,275

The accompanying policies and notes form part of these financial statements

INVERCARGILL LICENSING TRUST

STATEMENT OF CASH FLOWS
for the year ended 31 March 2025

	GROUP		PARENT	
	2025	2024	2025	2024
	\$000	\$000	\$000	\$000
Cash Flows from Operating Activities				
<i>Cash was provided from:</i>				
Revenue	122,911	124,599	112,322	113,766
Interest	409	587	329	464
Dividends	-	-	-	-
	123,320	125,186	112,651	114,230
<i>Cash was disbursed to:</i>				
Suppliers and Employees	106,790	109,002	101,738	103,424
Interest Paid	563	679	563	679
Donations	9,165	9,137	3,486	3,277
Income Tax	750	1,111	750	1,111
GST (Net)	14	(18)	9	(41)
	117,282	119,911	106,546	108,450
Net Cash Flow from Operating Activities (Note 24)	6,039	5,275	6,106	5,780
Cash Flow from Investing Activities				
(Purchase) / Sale of Investments	1,042	6,489	442	6,489
Sale of Assets	31	27	31	27
Purchase of Assets	(3,416)	(6,415)	(3,059)	(6,102)
Net Cash Flow from Investing Activities	(2,343)	101	(2,586)	414
Cash Flows from Financing Activities				
<i>Cash was disbursed to:</i>				
Repayment of Advances	638	1,526	638	1,526
Principal payment on Lease Liability	204	197	204	197
Interest payment on Lease Liability	18	22	18	22
	860	1,745	860	1,745
Net Cash Flow from Financing Activities	(860)	(1,745)	(860)	(1,745)
Net increase (decrease) in cash held	2,836	3,631	2,660	4,449
Add Opening Cash	12,355	8,724	12,051	7,602
Closing Cash Balance	15,191	12,355	14,711	12,051
Made up of:				
Cash and cash equivalents (Note 10)	15,191	12,355	14,711	12,051

The accompanying policies and notes form part of these financial statements

INVERCARGILL LICENSING TRUST

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2025

Statement of Accounting Policies

Reporting Entity

The Invercargill Licensing Trust was originally constituted in New Zealand under its own Act of Parliament in 1944. It is now a Licensing Trust governed by the requirements of Part 3 of the Sale and Supply of Alcohol Act 2012 and its Financial Statements are prepared in accordance with Section 334 of that Act.

The Invercargill Licensing Trust owns and operates hotels, motels, taverns and liquor stores, principally retailing liquor, and providing food, bar and accommodation services. Its main business activities are located in Invercargill, New Zealand. It also owns and operates two motels; one in Dunedin and one in Christchurch.

It also has an interest in the activities of the ILT Foundation. This organisation owns and operates gaming machines at nine of the Invercargill Licensing Trust's hotel and tavern properties.

The Parent financial statements are those of the Invercargill Licensing Trust. The Group financial statements are for the Invercargill Licensing Trust and its in-substance subsidiary, the ILT Foundation and the equity accounted value of the Invercargill Licensing Trust's investment in DB South Island Brewery Ltd.

The financial statements have been authorised for issue by the Board of Trustees on 27 August 2025.

Basis of Preparation

The Financial Statements have been prepared in accordance with NZ Generally Accepted Accounting Practice (GAAP) and comply with the New Zealand Equivalents to International Reporting Standards (NZ IFRS). Under the terms of the Accounting Standards Framework issued by the New Zealand External Reporting Board (XRB) the Invercargill Licensing Trust is designated a Tier 1 for profit entity and therefore applies Tier 1 Accounting Standards.

The general accounting principles as appropriate for the measurement and reporting of results and financial position under the historical cost method have been followed by the Group in the preparation of these financial statements. The financial statements are presented in New Zealand dollars and all values have been rounded to the nearest thousand dollar (\$000) unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Changes in accounting policies and disclosures

New and amended standards and interpretations

There are no changes to the accounting standards for the financial year ending 31 March 2025. The Group is not an early adopter of NZ IFRS 18 that is effective on or after 1 January 2027.

FRS 44 was introduced from 1 January 2024 and has had not material impact on the financial statements presented. No other fees were paid to the auditing entity for the financial year ending 31 March 2025.

INVERCARGILL LICENSING TRUST

Significant accounting judgements, estimates and assumptions

Impairment of Property, Plant, Equipment and Work-In-Progress

The Group has assessed all its property, plant, equipment and work-in-progress for impairment. The assessment is undertaken as per NZ IAS 36 with the appropriate weighted average cost of capital for each category used for the future cashflow. The property, plant, equipment and work-in-progress is impaired when the carrying amount exceeds its recoverable amount. Refer to note "h) Impairment".

Use of Estimates and Judgements

The preparation of financial statements to conform to NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions have been based on historical experience and other factors that are believed to be reasonable under the circumstances.

In particular, estimates and assumptions have been used in the following areas:

- Property, Plant and Equipment
- Investment in Associate company
- Trade receivables and expected credit loss
- Employee entitlements
- Deferred taxation
- Intangibles

Specific Accounting Policies

a) Principles of Consolidation

(i) Subsidiary

The ILT Foundation is an in-substance subsidiary of the Invercargill Licensing Trust due to all of the Trust's Board Members also being members, and forming the majority, of the ILT Foundation Board of Trustees. The ILT Foundation operates gaming machines solely in ILT premises, relying on the availability of these venues and the relationship with the ILT to continue its operations. The Invercargill Licensing Trust does not have any rights to the assets or any obligations for the liabilities of the ILT Foundation. The nature and extent of the transactions between the two organisations are controlled by the Department of Internal Affairs' rules and regulations relating to the operation of gaming machines. They ensure that the ILT Foundation operate to maximise their returns to their community while also allowing actual and reasonable expenses to be reimbursed to the Invercargill Licensing Trust.

The two organisations are intrinsically linked with the ILT Board having significant influence/control of the operating activities of the ILT Foundation. The Group Financial Statements have been prepared using the purchase method. All significant transactions between the two entities have been eliminated on consolidation.

The financial statements of the subsidiary are prepared for the same reporting period as the parent company using consistent accounting policies.

(ii) Associate

DB South Island Brewery Ltd is an associate due to the Licensing Trust's 28.3% shareholding and representation on the Board of the company. The Licensing Trust has significant influence, but not control, over the financial and operating policies. The company is incorporated in New Zealand, its principal place of business is in Timaru and its principal activity is the brewing, packaging and distribution of beer. The consolidated financial statements include the Group's share of the total recognised revenues and expenses of the company on an equity accounted basis (refer note 18).

INVERCARGILL LICENSING TRUST

b) Revenue Recognition

Revenue is measured at the fair value of the consideration given for the sale of goods and services, net of goods and services tax. Revenue is recognised as follows:

Sale of Goods

Revenue is recognised either at a point in time or over time, when (or as) the Trust satisfies performance obligations by transferring the promised goods or services to its customers.

If the Trust satisfies a performance obligation before it receives the consideration, the Trust recognises a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Revenue from the sale of liquor, food and beverage, for the agreed price is recognised when the Trust transfers the control of the goods to the customers. The goods represent a single performance obligation over which control is considered to transfer at a point in time.

Gaming site rental

Revenue from the lease of space for gaming machines is recognised over the period of the lease term in accordance with the substance of the relevant agreements.

Revenue from rendering services

Revenue from rendering services is recognised when it is probable that the economic benefits associated with the transaction will flow to the Trust.

Rental Income

Rental income from property leases is recognised on a monthly basis in accordance with the lease term.

Finance income and expenses

- Finance income comprises interest income and dividend income. Interest income on fixed term deposits is recognised using the effective interest method. Interest income on held to maturity financial assets is recognised on a Yield to Maturity basis. Dividend income is recognised on the date that the Trust's right to receive payment is established. Gains and losses on financial assets (except for trade receivables) are included in Finance Income.

- Finance expenses comprise interest expense on borrowings.

c) Taxation

The Invercargill Licensing Trust (Parent) is a taxable entity. The ILT Foundation, being a Charitable Trust and earning income solely from gaming machine activities, is exempt from income tax.

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have been enacted or substantively enacted by balance date.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years.

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. 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.

Income tax expense is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

d) Non-derivative Financial Instruments

Non-derivative financial instruments comprise investments in equity and debt securities, cash and cash equivalents, trade and other receivables, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Trust's contractual rights to the cash flows from the financial assets expire or if the Trust transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset.

- Cash and cash equivalents

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

Cash and short term deposits are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

INVERCARGILL LICENSING TRUST

• Trade and other receivables

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

The Trust applies the simplified approach to measuring expected credit losses which used a lifetime expected credit loss allowance. The measurement of expected credit losses is a function of the probability of default, loss given default and the exposure at default.

The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Other Financial assets at amortised cost

The Trust classifies its financial assets as at amortised cost only if both of the following criteria are met: the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest. These assets are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Any impairment losses are presented as a separate line item in the statement of profit or loss.

• Trade and other payables

Trade payable are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

e) Inventories

These are valued at the lower of cost or net realisable value. In determining cost the "weighted average cost" method has been used.

f) Property, Plant and Equipment

Property, Plant and Equipment are valued at cost less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant or equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

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 Statement of Financial Performance.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation

Depreciation is charged to the Statement of Financial Performance on a combination of Straight Line and Diminishing Value basis over the estimated useful lives of all property, plant and equipment. Land is not depreciated. The estimated useful lives and basis of calculation are:

Land		Not depreciated
Buildings	6 – 100 years	Straight Line
Equipment	2 – 50 years	Straight Line
Vehicles	4 – 8 years	Diminishing Value

g) Intangible Assets

Intangible Assets are recognised when expenditure is incurred that provides future economic benefits.

(i) Sponsorship Contracts – the initial cost of the asset is amortised over its estimated or finite useful life as an expense to the Statement of Financial Performance.

(ii) Computer software – the initial cost of the asset is depreciated on a Diminishing Value basis that effectively expenses the cost to the Statement of Financial Performance over the expected useful life of the asset (4-5 years).

(iii) Business Goodwill – this arises from a business combination where the Business Goodwill is the residual value between the consideration provided and the net identifiable assets acquired. The value is considered for impairment each year and impairment loss is recognised whenever the carrying amount exceeds its recoverable amount which is the greater of its value in use and its fair value less cost to sell.

h) Impairment

At each reporting date the Group reviews the carrying amounts of its property, plant and equipment, intangible assets and right of use assets to determine whether there is any indication that those assets have suffered impairment. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the Statement of Financial Performance.

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

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Financial Performance immediately unless the asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately unless the asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

i) Investment Properties

The Trust does not classify any properties as Investment properties. All properties are owner occupied properties or properties primarily acquired by the Trust for future development for business use. Such properties are included in Property, Plant and Equipment in the Statement of Financial Position.

j) Capital Work in Progress

Capital Work in Progress is stated at cost and is not depreciated. It includes an accrual for the proportion of work completed at the end of the period.

k) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

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

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term, as follows:

- Buildings 12.5 years.

INVERCARGILL LICENSING TRUST

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in note 23.

iii) Low-value leases and leases of low-value assets

The Group applies the low-value lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on low-value leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

l) Provisions

A provision is recognised on the face of the Statement of Financial Position when the 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.

m) Employee Entitlements

A liability for annual leave, long service leave and retirement gratuities accruing to employees is recognised in the Statement of Financial Position.

The annual leave liability is stated at its nominal value, based on actual entitlements up to balance date, at current rates of pay.

The long service liability and retirement gratuities are stated at their nominal value, taking into account the probability of employees completing their service in order to qualify for the entitlement.

n) Goods and Services Tax

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

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.

o) Donations

Donations expensed to the Statement of Financial Performance for the year represent:

(i) Donations that have been applied for during the year, to the Invercargill Licensing Trust and the ILT Foundation, and which have been approved and allocated for payment by the Trustees, but not necessarily paid out by balance date.

(ii) Donations that have been returned to the Invercargill Licensing Trust and the ILT Foundation during the year.

Donations allocated but unpaid at balance date are recorded in the Statement of Financial Position (refer Note 19).

The Group's capital includes retained earnings, general reserves and donation reserves. The objective of the Group's capital management is to ensure that it operates at a high equity ratio in order to cover the inherent risks of the business and to support future business development and growth.

The Group's capital is managed at Parent level. Annually, the Board consider the level of equity and retained earnings required for the business and then allocate a level of earnings for future donations to the community.

There were no changes to objectives, policies or processes during the year.

INVERCARGILL LICENSING TRUST

NOTES TO THE FINANCIAL STATEMENTS

	GROUP		PARENT	
	2025	2024	2025	2024
	\$000	\$000	\$000	\$000
1 SALE OF GOODS AND SERVICES				
Liquor revenue	77,330	79,339	77,330	79,339
Meals revenue	15,052	15,340	15,052	15,340
Accommodation revenue	17,650	17,179	17,650	17,179
Gaming machine revenue	10,714	10,825	-	-
	120,746	122,683	110,032	111,858
2 OTHER TRADING INCOME				
Property Rental Income	266	243	279	254
Gaming Site Rental (contracted)	-	-	1,710	1,724
Other Income	81	58	113	83
	347	301	2,102	2,061
3 OPERATING EXPENSES				
Advertising and Promotion	1,943	1,941	1,941	1,938
Audit Fee *	166	153	139	126
Audit Fee Overrun (Audit NZ)	-	75	-	75
Bad Debts written off	4	6	4	6
Increase in Provision for Doubtful Debts	300	125	300	125
Fuel and Power	2,236	2,240	2,236	2,240
Lease of Low Value Assets	39	28	39	28
Other Operating Costs	6,071	5,783	5,431	5,148
Repairs and Maintenance	1,925	1,466	1,925	1,466
Trustees' Honoraria	205	203	126	126
Trustees' Travel and Meeting Expenses	17	33	17	33
	12,906	12,052	12,158	11,311
* No other fees were paid to the auditing entity				
4 FINANCE INCOME & EXPENSE				
Interest Income	421	570	355	450
Dividend Income	1	1	1	1
Dividend from Associate Company	-	-	-	-
	422	571	356	451
Interest Expense	563	679	563	679
Lease Interest	18	22	18	22
	581	701	581	701
5 DONATIONS EXPENSE				
Invercargill Licensing Trust	3,485	3,277	3,485	3,277
ILT Foundation	5,387	5,839	-	-
Total Donations	8,872	9,116	3,485	3,277

INVERCARGILL LICENSING TRUST

6 INCOME TAX

The following details the calculation of income tax for the year showing the effects of permanent differences in the final taxation charge:

	Note	GROUP		PARENT	
		2025 \$000	2024 \$000	2025 \$000	2024 \$000
Surplus Before Donations and Taxation		<u>12,584</u>	<u>12,687</u>	<u>7,010</u>	<u>6,619</u>
Prima Facie Taxation at 28c/\$		3,524	3,552	1,963	1,853
Add (Less) Income Tax for the effects of permanent differences:					
Non deductible (non-assessable)		(1,681)	(2,200)	(120)	(501)
Deductible expenditure		(271)	(306)	(271)	(306)
Change in Deferred Income tax		102	10,358	102	10,358
		<u>1,674</u>	<u>11,404</u>	<u>1,674</u>	<u>11,404</u>
Taxation Expense		<u>1,674</u>	<u>11,404</u>	<u>1,674</u>	<u>11,404</u>
This taxation charge is represented by:					
Income Tax Payable		1,572	1,058	1,572	1,058
Change in Deferred Income Tax		102	10,346	102	10,346
		<u>1,674</u>	<u>11,404</u>	<u>1,674</u>	<u>11,404</u>

7 RETAINED EARNINGS

Opening Balance at 1 April		60,409	69,211	58,403	66,683
Prior Year Adjustment		(2)	5	(2)	5
(Before the deduction of Donations after tax)		10,910	1,283	5,335	(4,785)
Decrease (Increase) in value of Associate transferred to Reserves		(453)	(751)	-	-
Donations Allocated (Gaming only)		(5,387)	(5,839)	-	-
Transfer to Provision for Donations (Donations Reserve – Parent Only)	9	<u>(3,500)</u>	<u>(3,500)</u>	<u>(3,500)</u>	<u>(3,500)</u>
Closing Balance at 31 March		<u>61,977</u>	<u>60,409</u>	<u>60,236</u>	<u>58,403</u>

8 RESERVES

Opening Balance at 1 April		6,604	5,853	2,646	2,646
Increase (decrease) in Value of Associate		<u>453</u>	<u>751</u>	<u>-</u>	<u>-</u>
Closing Balance at 31 March		<u>7,057</u>	<u>6,604</u>	<u>2,646</u>	<u>2,646</u>
<u>Balance at 31 March made up of:</u>					
Revaluation of Associate		4,411	3,958	-	-
General Reserve		<u>2,646</u>	<u>2,646</u>	<u>2,646</u>	<u>2,646</u>
		<u>7,057</u>	<u>6,604</u>	<u>2,646</u>	<u>2,646</u>

These reserves are recorded separately to Retained Earnings but are to be utilised for the same purpose of recording and holding equity for the group. They have arisen from capital gains on disposal of assets and from revaluation of the Invercargill Licensing Trust's investment in its associate company, DB South Island Brewery Limited and its Available for Sale Assets.

INVERCARGILL LICENSING TRUST

	GROUP & PARENT	
	2025 \$000	2024 \$000
9 DONATIONS RESERVE (Parent Only)		
Opening Balance at 1 April	3,227	3,004
Transfer from Revenue Reserve	3,500	3,500
Donations Allocated at Meetings during year	(3,373)	(3,175)
Small Donations Applied for and Paid during year	(112)	(102)
Donations (Net) Allocated during year	(3,485)	(3,277)
Closing Balance at 31 March	3,242	3,227

The Donations Reserve is held by the Invercargill Licensing Trust (Parent) and represents the balance of funding transferred from Comprehensive Income that is available to be allocated for donations over the following twelve month period.

	GROUP		PARENT	
	2025 \$000	2024 \$000	2025 \$000	2024 \$000
10 CASH AND CASH EQUIVALENTS				
Cash at bank and in hand	15,191	12,355	14,711	12,051
	15,191	12,355	14,711	12,051

11 TRADE AND OTHER RECEIVABLES

Trade Debtors	2,610	2,797	2,605	2,778
Trade Debtors from Contracts	1,867	1,369	1,867	1,369
Less allowance for expected credit losses	(600)	(300)	(600)	(300)
	3,877	3,866	3,872	3,847
Prepayments	63	51	16	5
Prepayment – Insurance	232	221	232	221
Accrued Income	1,237	1,330	936	1,154
	5,409	5,468	5,056	5,227

Trade and other receivables are non-interest bearing. The Trust's standard terms of trade require settlement of outstanding accounts by 20th of the month following invoice date. The carrying value of trade and other receivables has been reduced by an allowance for expected Credit losses. The net balance represents the fair value of trade and other receivables.

Accrued income refers to income earned but not yet invoiced as at balance date, 31 March.

INVERCARGILL LICENSING TRUST

11 TRADE AND OTHER RECEIVABLES continued.....

The ageing profile of receivables at year end is detailed below:

	Current \$000	More than 30 days overdue \$000	More than 60 days overdue \$000	More than 90 days overdue \$000	TOTAL \$000
PARENT (Invercargill Licensing Trust)					
31 March 2025					
Expected loss rate	0%	0%	0%	73%	
Carrying amount trade receivables	2,543	772	332	825	4,472
Loss allowance	-	-	-	(600)	(600)
31 March 2024					
Expected loss rate	0%	0%	0%	56%	
Carrying amount trade receivables	2,915	498	202	532	4,147
Loss allowance	-	-	-	(300)	(300)
GROUP					
31 March 2025					
Expected loss rate	0%	0%	0%	73%	
Carrying amount trade receivables	2,548	772	332	825	4,477
Loss allowance	-	-	-	(600)	(600)
31 March 2024					
Expected loss rate	0%	0%	0%	56%	
Carrying amount trade receivables	2,934	498	202	532	4,166
Loss allowance	-	-	-	(300)	(300)

12 INVENTORIES

The Trust's inventories comprise liquor products which are finished goods and food products which are available and used for the preparation of Restaurant and Function meals. Maintenance spares of electrical, plumbing and building supplies are also held for use in the Trust's various businesses.

	2025 \$000	2024 \$000
GROUP & PARENT		
Liquor	8,180	8,391
Food	264	311
Maintenance Spares	8	8
	8,452	8,710

The inventories all belong to the Invercargill Licensing Trust. The value of inventories expensed during the year were:

	62,012	63,675
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The inventories were not pledged as security for any liabilities.

INVERCARGILL LICENSING TRUST

	Note	GROUP		PARENT	
		2025	2024	2025	2024
		\$000	\$000	\$000	\$000
13 FINANCIAL ASSETS					
Current Assets					
Amortised Cost		750	1,302	-	302
		750	1,302	-	302
Non Current Assets					
Amortised Cost		193	662	43	162
Fair value through other comprehensive income		6	27	6	27
		199	689	49	189
Combined totals:		949	1,991	49	491
14 TAXATION PAYABLE					
1 April:					
Taxation Payable (refund due)		6	71	6	71
Provisional Tax paid for Previous Year		(700)	(325)	(700)	(325)
Prior Period Adjustment		2	(5)	2	(5)
Terminal tax Payable (Refund due)		(692)	(259)	(692)	(259)
UOMI Interest received 2024		-	(7)		(7)
Tax Payable for Current Year	6	1,572	1,058	1,572	1,058
Provisional Tax Paid During Year		(60)	(786)	(60)	(786)
31 March: Taxation Payable		820	6	820	6

INVERCARGILL LICENSING TRUST

15. PROPERTY, PLANT AND EQUIPMENT

(i) INVERCARGILL LICENSING TRUST - GROUP

	Land	Buildings	Right of Use Assets	Equipment	Vehicles	Total
2025						
Cost						
Balance at 1 April 2024	10,570	69,250	1,789	48,324	2,255	132,188
Additions	43	436	-	2,783	370	3,632
Disposals	-	-	-	(633)	(206)	(839)
Balance 31 March 2025	10,613	69,686	1,789	50,474	2,419	134,981
Accumulated Depreciation / Impairment						
Balance 1 April 2024	-	39,564	941	28,908	1,781	71,194
Depreciation Expense	-	695	188	2,822	122	3,827
Disposals	-	-	-	(607)	(172)	(779)
Balance 31 March 2025	-	40,259	1,129	31,123	1,731	74,242
Net Book Value 31 March 2025	10,613	29,427	660	19,351	688	60,739
2024	\$000	\$000	\$000	\$000	\$000	\$000
Cost						
Balance at 1 April 2023	10,472	68,932	1,789	43,412	2,287	126,892
Additions	98	318	-	5,528	50	5,994
Addition - Langlands reclassified	-	-	-	-	-	-
Disposals	-	-	-	(616)	(82)	(698)
Balance 31 March 2024	10,570	69,250	1,789	48,324	2,255	132,188
Accumulated Depreciation / Impairment						
Balance 1 April 2023	-	38,506	752	26,582	1,757	67,598
Depreciation Expense	-	1,058	188	2,854	103	4,204
Disposals	-	-	-	(529)	(80)	(608)
Balance 31 March 2024	-	39,564	941	28,908	1,781	71,194
Net Book Value 31 March 2024	10,570	29,686	848	19,416	474	60,994

INVERCARGILL LICENSING TRUST

15. PROPERTY, PLANT AND EQUIPMENT (Continued...)

(ii) INVERCARGILL LICENSING TRUST - PARENT

	Land	Buildings	Right of Use Assets	Equipment	Vehicles	Total
2025						
Cost	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 April 2024	10,570	69,250	1,789	43,402	2,219	127,230
Additions	43	436	-	2,283	370	3,132
Disposals	-	-	-	(108)	(206)	(314)
Balance 31 March 2025	10,613	69,686	1,789	45,577	2,383	130,048
Accumulated Depreciation / Impairment						
Balance 1 April 2024	-	39,563	941	24,816	1,772	67,092
Depreciation Expense	-	695	188	2,445	116	3,444
Disposals	-	-	-	(94)	(172)	(266)
Balance 31 March 2025	-	40,258	1,129	27,167	1,716	70,270
Net Book Value 31 March 2025	10,613	29,428	660	18,410	667	59,778
2024						
Cost	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 April 2023	10,472	68,932	1,789	38,490	2,251	121,934
Additions	98	318	-	5,277	50	5,743
Disposals	-	-	-	(365)	(82)	(447)
Balance 31 March 2024	10,570	69,250	1,789	43,402	2,219	127,230
Accumulated Depreciation / Impairment						
Balance 1 April 2023	-	38,506	752	22,617	1,755	63,630
Depreciation Expense	-	1,058	188	2,483	96	3,825
Disposals	-	-	-	(284)	(80)	(364)
Balance 31 March 2024	-	39,563	941	24,816	1,772	67,092
Net Book Value 31 March 2024	10,570	29,687	848	18,586	447	60,138

Impairment Losses and Disposals

All ILT Cash Generating Cash Units (CGU), except The Langlands Hotel, are performing as per pre-Covid 2019 and 2020 financial years. A comprehensive impairment assessment was undertaken for the Langlands Hotel as at 31 March 2025 as it started operating in September 2022. No impairment was required.

The Parent has a lease contract for a building used in its operations. This lease has a term of 7.5 years with a further right of renewal of 5 years which has been exercised. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Parent also has leases of building space and office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases (refer Note 31).

(The Langlands Hotel was valued at \$26.00 million (including land) by CBRE as at 31 March 2023. The valuation was undertaken by using the discounted cash flows (DCF) model with an investment yield of 9% , a terminal yield of 9.25% and discount rate of 11.5%.

The land had a valuation of \$2.55 million with the cost of the building, fit-out and plant at \$23.45 million. The total cost of the building, fit-out and plants was \$51.45 million and this has been impaired down to \$23.45 million as at 31 March 2023. The current value of The Langlands Hotel as at 31 March 2025 is \$22.75 million.)

INVERCARGILL LICENSING TRUST

16. CAPITAL WORK IN PROGRESS

(i) INVERCARGILL LICENSING TRUST - GROUP

	2025	2024
	\$000	\$000
Capital Work in Progress	278	555

In April 2025, the Foundation received amended gaming licences from the Department of Internal Affairs for 4 gaming machines and 3 game conversions, invoiced in March 2025 for \$112,735. Installation is scheduled for week commencing 19th May 2025. (2024: The ILT Foundation purchased 9 gaming machines for \$255,985 in January 2024. The amended gaming licences from the Department of Internal Affairs arrived in April 2024 and all 9 gaming machines installed then.)

(ii) INVERCARGILL LICENSING TRUST - PARENT

The Invercargill Licensing Trust (Parent) had incurred expenditure on property construction that was not complete at balance date (refer to Note 31 for Capital Commitment value owing).

	2025	2024
	\$000	\$000
Capital Work in Progress	165	299

INVERCARGILL LICENSING TRUST

GROUP & PARENT				
	\$000	\$000	\$000	\$000
17 INTANGIBLE ASSETS				
(Parent only)	Sponsorship Contracts	Computer Software	Business Goodwill	Total
2025				
Gross Carrying Amount				
Opening Balance	420	687	540	1,647
Additions	-	62	-	62
Closing balance	420	749	540	1,709
Amortisation and Impairment Costs				
Opening balance	420	583	200	1,203
Amortisation for the year	-	41	-	41
Closing balance	420	624	200	1,244
Book value 31 March 2025	-	125	340	465
2024				
Gross Carrying Amount				
Opening Balance	420	623	540	1,583
Additions	-	64	-	64
Closing Balance	420	687	540	1,647
Amortisation and Impairment Costs				
Opening balance	343	484	200	1,027
Amortisation for the year	77	99	-	176
Closing balance	420	583	200	1,203
Book Value 31 March 2024	-	104	340	444

- Sponsorship Contracts for five year terms were purchased in March 2014 and were renewed for a further five years in 2019. The cost is amortised over the five year term of the contracts.
- Software assets have a finite useful life and are amortised over their useful life of four years.
- Business Goodwill was purchased in April 2016 when the business assets of Beaver Liquor Ltd in Central Otago were purchased. A large portion of the initial Goodwill value has been amortised relating to contracted customers where contracts have now ended.

INVERCARGILL LICENSING TRUST

18 INVESTMENT IN ASSOCIATE

The Invercargill Licensing Trust owns 2,038,943 shares or 28.3% of DB South Island Brewery Ltd.

The value of this investment is recorded at cost of \$935,000 in the Parent (ILT) Financial Statements.

The value of the investment is Equity accounted in the Group's Financial Statements. The associate company is a major supplier of liquor products to the Invercargill Licensing Trust (Parent). The investment provides the Invercargill Licensing Trust with significant influence over the operations and finances of the associate, although not control over the company. It has two representatives on the Board of six Directors. The major shareholder, DB Breweries Ltd, own 55% of the shares and controls the voting rights by having the power to appoint three Directors, including the Chairman who also has the right to a casting vote on any decisions of the Board. The investment is an important operational and financial component of the Invercargill Licensing Trust's activities.

The Group's interest in the associate entity is as follows;

	GROUP		PARENT	
	2025	2024	2025	2024
	\$000	\$000	\$000	\$000
Carrying amount at 1 April	4,893	4,142	935	935
ILT share of Total Comprehensive Income	453	751	-	-
Less Dividends received	-	-	-	-
Carrying amount at 31 March	5,346	4,893	935	935

Summary financial information from the associate company, DB South Island Brewery Limited, not adjusted to percentage ownership held by the Group, has been used to value the Invercargill Licensing Trust's 28.3% share using the equity method as follows:

Statement of Financial Position	As at 31/12/24	As at 31/12/23
	Audited Financial Statements	Audited Financial Statements
	\$000	\$000
Current Assets	20,937	23,432
Non-current Assets	23,511	23,973
Current Liabilities	24,723	29,023
Non-current Liabilities	848	1,104
Net Equity	18,877	17,278
Invercargill Licensing Trust's 28.3% share of Net Equity	5,346	4,893

The equity accounted value of the associate company, included in the Group financial statements, is calculated by applying the Parent's 28.3% holding of shares to the Net Equity value of the company.

DB South Island Brewery Limited's balance date is 31 December. The Group have chosen to use the associate company's 31 December Audited Financial Statement information in order to incorporate audited financial information into its Group financial statements rather than relying on unaudited management financial reports as at 31 March. The company confirmed that it has no contractual commitments to property, plant and equipment as at 31 December 2024. (31 December 2023: \$500,000). There were no contingent liabilities. The following information compares the 12 month period trading results.

Statement of Comprehensive Income	12 Months to 31/12/2024	12 Months to 31/12/2023
Revenue	80,876	83,906
Other Comprehensive Income	-	-
Total Comprehensive Income	1,599	2,653

Following DB South Island Brewery Limited's financial year ending 31 December 2024 the company paid no dividend to shareholders. (2023: \$Nil). As such, the Invercargill Licensing Trust's has no net of imputation credits share. (2023: \$Nil).

INVERCARGILL LICENSING TRUST

	GROUP		PARENT	
	2025	2024	2025	2024
	\$000	\$000	\$000	\$000
19 DONATIONS ALLOCATED				
Opening Balance at 1 April	569	683	64	157
Allocations at Meetings during the year	8,760	9,013	3,373	3,174
Paid during year	(8,798)	(9,128)	(3,119)	(3,268)
Donations not Uplifted	-	-	-	-
Closing Balance at 31 March	531	569	318	64

20 EMPLOYEE ENTITLEMENTS

Opening Balance at 1 April	2,642	2,604	2,621	2,572
Net Increase (Decrease) in Holiday Provisions	11	22	15	33
Increase in Long Service Provisions	8	5	8	5
Long Service Provision Utilised	(19)	(3)	(19)	(3)
Net Increase (Decrease) in Salaries and wages owing at balance date	(172)	14	(172)	14
Closing Balance at 31 March	2,470	2,642	2,453	2,621
Made up of:				
Holiday Leave Provision	2,330	2,502	2,313	2,481
Long Service/Retirement Provisions	140	140	140	140
	2,470	2,642	2,453	2,621
<u>Classified as:</u> Current	2,330	2,502	2,313	2,481
Non Current	140	140	140	140
	2,470	2,642	2,453	2,621

21 DEFERRED TAXATION

Movements in the deferred taxation account are:				
Opening Balance at 1 April (Asset)	3,165	(7,181)	3,165	(7,181)
Current year timing differences	(77)	1,642	(77)	1,642
Deferred tax asset	-	17	-	17
Change in Deferred Income Tax due to Fixed Assets	180	8,687	180	8,687
Closing Balance at 31 March (Asset) / Liability	3,268	3,165	3,268	3,165

This balance relates to timing differences that have arisen between taxation and accounting values. The value relates to:

Fixed Asset Depreciation	4,113	3,936	4,113	3,936
Employee Entitlements	(607)	(652)	(607)	(652)
Other Expenses & Right of use assets	(238)	(119)	(238)	(119)
	3,268	3,165	3,268	3,165

INVERCARGILL LICENSING TRUST

	GROUP		PARENT	
	2025	2024	2025	2024
	\$000	\$000	\$000	\$000
22 TRADE AND OTHER PAYABLES				
Payables	5,793	6,173	5,392	5,960
Accrued creditors	2,757	2,784	2,322	2,373
Retention liabilities	36	120	36	120
	8,586	9,077	7,750	8,453

23 LEASE LIABILITIES

The depreciation charge for right-of-use of the leased building asset for the financial year ending 31 March 2025 is \$188,000 (2024: \$188,000).

Set out below are the carrying amounts of lease liabilities and the movements for the period:

	GROUP & PARENT	
	2025	2024
	\$000	\$000
As at 1 April	977	1,174
Accretion of interest	18	22
Payments	(222)	(219)
As at 31 March	773	977
Classified as		
Current	211	204
Non-current	562	773
	773	977

The maturity analysis of lease liabilities is as follows:

	Interest Rate	Maturity	Amount
Current	2.05%	2025	211
Non-current	2.05%	2028	562

24 STATEMENT OF CASH FLOWS

Reconciliation of Net Surplus to the Cash Flows from Operating Activities

	GROUP		PARENT	
	2025	2024	2025	2024
	\$000	\$000	\$000	\$000
Net Surplus for the year	2,038	(7,833)	1,851	(8,062)
<i>Add (Less) Items Classified as Investing Activities:</i>				
(Gain)/Loss on Sale of Assets/Investments	29	64	17	57
<i>Add Non Cash Items:</i>				
Depreciation, Amortisation and Impairment	3,868	4,379	3,485	4,000
Increase (Decrease) in Deferred Tax	103	10,346	103	10,346
(Increase) Decrease in Shares in Associate	(453)	(751)	-	-
<i>Movements in Working Capital Items:</i>				
Accounts Receivable	(258)	(310)	(132)	(307)
Provision for doubtful debts	300	125	300	125
Interest Accrued	20	31	20	29
Inventory	258	(709)	258	(709)
Accounts Payable	(652)	101	(873)	448
Donations Payable	(38)	(115)	254	(94)
Taxation Payable	822	(53)	822	(53)
Net Cash Flow from Operating Activities	6,038	5,275	6,106	5,780

INVERCARGILL LICENSING TRUST

	GROUP		PARENT	
	2025	2024	2025	2024
	\$000	\$000	\$000	\$000
25 ADVANCES				
Opening Balance at 1 April	86	89	86	89
Plus amortised interest costs	8	(3)	8	(3)
Less repaid during the year	-	-	-	-
Closing Balance at 31 March	94	86	94	86
Classified as:				
Current	94	86	94	86
Non Current	-	-	-	-
	94	86	94	86

These were two unsecured Brewery Company advances at the start of the year. They are now treated as current liabilities with both interest and principal repayments on hold.

26 RELATED PARTY TRANSACTIONS

Transactions with Related Parties

The Invercargill Licensing Trust (Parent) was responsible for the establishment of the ILT Foundation in July 2006. The ILT Foundation own and operate gaming machines in nine of the Invercargill Licensing Trust's premises. The ILT Foundation is governed by a Board, on which the Invercargill Licensing Trust has some membership.

The Invercargill Licensing Trust has entered into a contract with the ILT Foundation to allow them to operate gaming machines and other activities in their licensed premises. During the year the Invercargill Licensing Trust was paid by the ILT Foundation for gaming machine rental, administration and other services. The value of transactions between the parties was \$2,045,444 (2024: \$2,105,863).

As at 31 March 2025 \$161,905 (2024: \$149,356) was owed between the parties, which was later settled in the normal course of business.

The Group financial statements have had these transactions reversed on consolidation.

Transactions with Related Parties (Associate)

The Invercargill Licensing Trust purchases liquor products from its associate company DB South Island Brewery Limited. Annual purchases for the 2025 financial year was \$11.06 m (2024: \$11.30 m). As at 31 March 2025 the balance owing to DB South Island Brewery Limited was \$580,000 (2024: \$608,000).

INVERCARGILL LICENSING TRUST

26 RELATED PARTY TRANSACTIONS (Continued...)

The following monetary value of transactions has been entered into with organisations that include representation from some of the Invercargill Licensing Trust and ILT Foundation Board Members, and Senior Management personnel:

Trustee	Recipient organisation	Trustee's relationship to recipient organisation	Grant amount 2025	Amount owing at 31/3/25	Grant amount 2024	Amount owing at 31/3/24
			\$000	\$000	\$000	\$000
Sean Bellew (ILT & ILT Foundation)	Southland Racing Club	President	13	-	16	-
	Rugby Southland	Observer / Member of Apts Comm	955	325	588	-
	Invercargill Harness Racing Club	Member	11	-	-	-
			979	325	604	-
Angela Newell (ILT & ILT Foundation)	Shakespeare in the Park Charitable Trust	Trustee	5	-	5	-
	Invercargill Primary Schools Educational Initiatives Trust	Trustee	602	-	618	-
	Arts Murihiku C/T	Trustee	51	-	41	5
			658	-	664	5
Suzanne Prentice (ILT & ILT Foundation)	Hospice Southland CT	Employee	31	-	65	-
	Rape & Abuse Support Centre Southland Inc	Husband – Board member	25	-	105	-
	Otago Southland Rescue Helicopter Trust	Trustee	150	-	-	-
			206	-	170	-
Paddy O'Brien (ILT & ILT Foundation)	The Hawthorndale Care Village C/T	Trustee	-	-	500	-
			-	-	500	-
Graham Hawkes (ILT & ILT Foundation)	Hospitality NZ	Local Branch President	2	-	2	-
			2	-	2	-
Sheree Carey (ILT & ILT Foundation)	Chamber of Commerce	CEO	15	-	15	-
	Southland Indoor Leisure Centre Charitable Trust	Director	513	-	513	-
	Southland Community Broadcasters Charitable Trust	Trustee	10	-	10	-
			538	-	538	-
Andrew Ward (ILT Foundation)	Southland Indoor Leisure Centre Charitable Trust	Solicitor	400	-	400	-
	Marching Southland	Solicitor	6	-	12	-
	Invercargill Primary Schools Educational Initiatives Trust	Solicitor	457	-	457	-
	Greenacres Golf Club	Family Member (Member)	37	-	-	-
	Invercargill Golf Club	Member	153	-	-	-
			1,053	-	869	-
Jason McKenzie (ILT Foundation)	Talent Development Southland	Employee	66	-	138	-
	Rugby Southland	Service provider	255	-	255	-
	Star Rugby Football Club	Daughter contracts services	41	-	-	-
			362	-	393	-
Amanda Smith (ILT Foundation)	Te Rourou One Aotearoa Foundation	Employee	25	-	-	-
	Chamber of Commerce	Tenant/Family Member Employed	10	-	-	-
	South Sea Spray Trust	Trustee	40	-	-	-
			75	-	-	-
Management Angee Shand (ILT)	Netball South Zone Inc	Director	-	-	217	-
	St Mary's Netball	Club Captain	4	-	4	-
	Stadium Southland Ltd	Director	12	-	18	-
			16	-	239	-
Lisa-Maree Fleck (ILT Foundation)	St Johns Girls' School Southland Girls' High School	Daughter - Pupil	3	-	-	-
		Daughter - Pupil	3	-	-	-
			6	-	-	-
			Services & Revenue to 31/3/25 \$000	Amount owing at 31/3/25 \$000	Services & Revenue to 31/3/24 \$000	Amount owing at 31/3/24 \$000
Legal services were provided by Ward Adams Bryan-Lamb			46	21	70	31

Legal services were provided by Ward Adams Bryan-Lamb

INVERCARGILL LICENSING TRUST

27 KEY MANAGEMENT PERSONNEL

Key Management Personnel compensation for the year ending 31 March 2025 and the previous year is set out below. The Key Management Personnel are all the Trustees of the group and the Executives with the greatest authority for the strategic direction and management of the Group.

	GROUP		PARENT	
	2025	2024	2025	2024
	\$000	\$000	\$000	\$000
Short Term Employee Benefits	1,542	1,488	1,354	1,315
Post Employment Benefits	53	53	51	50
	1,595	1,541	1,405	1,365

28 REMUNERATION OF TRUST MEMBERS

Section 335 (4) of the "Sale and Supply of Alcohol Act 2012" requires the Invercargill Licensing Trust (Parent) to make the following disclosures:

Trust Members Remuneration

Total honorarium paid to the Invercargill Licensing Trust six Board members during the year was \$126,000 (\$126,000 in 2024).

Employee Remuneration

Remuneration and other benefits (including the value of private use of motor vehicles and employer superannuation contributions) in excess of \$100,000 per annum paid to employees during the year ended 31 March 2025 were:

Remuneration Band	
\$100,000 to \$110,000	3
\$110,000 to \$120,000	2
\$120,000 to \$130,000	3
\$130,000 to \$140,000	1
\$140,000 to \$150,000	3
\$150,000 to \$160,000	2
\$170,000 to \$180,000	1
\$190,000 to \$200,000	1
\$200,000 to \$210,000	1
\$420,000 to \$430,000	1
Total	18

29 FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash and short term bank deposits, longer term bank deposits (3 to 24 month terms), bank and corporate bonds and Loan Advances from Brewery companies. The main purpose of these financial instruments is to hold finance for the Group's operations and to maximise returns on surplus cash funds.

The Group has various other financial instruments such as accounts receivable and payable arising directly from its operating activities. The main risks arising from the Groups financial instruments are interest rate risk, liquidity risk and credit risk.

Interest Rate Risk

The Group is exposed to interest rate risk relating to funds deposited with external parties. This risk is managed by the Group by maintaining an appropriate mix between floating "on call" interest rate deposits, fixed short-term deposits and both short and long term Corporate Bond investments.

	Note	GROUP		PARENT	
		2025	2024	2025	2024
		\$000	\$000	\$000	\$000
Exposures to Interest Rate Risk					
Cash and Cash Equivalents	10	15,191	12,355	14,711	12,051
Financial Assets	13	949	1,991	49	491
		16,140	14,346	14,760	12,542

Interest Rate Sensitivity

An analysis has been made of the level of the Group's invested funds, on a monthly basis during the year, in order to assess its interest rate sensitivity.

Had interest rates been either 0.5% higher or lower, and all other variables been held constant, the Group's profit before taxation would have increased (or decreased) by approximately \$69,000 (2024: \$70,000).

An analysis has been made of the level of the Group's borrowings, on a monthly basis during the year, in order to assess its interest rate sensitivity.

Had interest rates been either 0.5% higher or lower, and all other variables been held constant, the Group's profit before taxation would have increased (or decreased) by approximately \$50,000 (2024: \$54,000).

INVERCARGILL LICENSING TRUST

Foreign Currency Risk

The Group has no exposure to foreign currency risk, having neither investments nor borrowings denominated in foreign currencies, and having no trading relationships with foreign entities.

Commodity Price Risk

The Group has minimal exposure to commodity price risk, having adopted a policy of seeking wherever possible to recover price increases by increasing selling prices.

Credit Risk

Credit risk is the risk that a third party will default on its obligation to the Group, causing it to incur loss. The Group is exposed to Credit Risk due to the provision of credit to external third parties and the investment of surplus cash into bank deposits, bank and corporate bonds.

Trade and other receivables arise due to the Group's trading with external third parties in the normal course of its supply of goods and services. The Group seeks to trade with recognised credit-worthy external third parties. The Group has adopted policies requiring customers to be subjected to credit verification processes only where required when applying for credit facilities and, in some cases, providing personal securities/guarantees for credit. Balances due from debtors are monitored on an ongoing basis with the result that the Group does not have a significant exposure to expected credit losses.

Due to the timing of the Group's cash inflows and outflows, surplus cash is invested into on-call and short term bank deposits and also bank and corporate bonds. The Group has a significant level of funds invested with banks and companies by way of deposits and bank/corporate bonds. While these are unsecured investments they are made with registered banks and with some credit-rated companies. The investment value is spread broadly amongst five banks and companies which reduces the level of credit risk across these investments. Regular reviews are made of these investments supported by independent investment advice. The maximum exposure to credit risk for these assets is equal to their carrying amount.

	Note	GROUP		PARENT	
		2025	2024	2025	2024
		\$000	\$000	\$000	\$000
Exposures to Credit Risk					
Trade and Other Receivables	11	5,409	5,468	5,056	5,227
Cash and Cash Equivalents	10	15,191	12,355	14,711	12,051
Financial Assets	13	949	1,991	49	491
		16,140	14,346	14,760	12,542

Credit Quality of Financial Assets

Trade and Receivables balances are monitored monthly and provision is made for any expected credit losses (refer Note 11). The group seeks to trade only with recognised credit-worthy external third parties.

The credit quality of cash and cash equivalents and financial assets that are neither past due nor impaired can be assessed by reference to either Standard and Poor's or Fitch's credit ratings, as summarised below:

	GROUP		PARENT	
	2025	2024	2025	2024
	\$000	\$000	\$000	\$000
Counterparties with Credit Ratings				
Cash at bank and term deposits				
AA- (Standard & Poor's)	13,623	11,232	12,643	10,428
BBB (Fitch)	1,900	2,500	1,500	1,500
Counterparties Without Credit Ratings				
Other financial assets	49	189	49	189
Total Cash and Cash Equivalents and Financial Assets	15,572	13,921	14,192	12,117

INVERCARGILL LICENSING TRUST

Concentration of Credit Risk

At balance date the Group was exposed to three concentrations of credit risk by way of short term deposits and bonds: \$1,900,000 with SBS Bank (2024: \$2,500,000), \$1,500,000 with ANZ Bank (2024: \$1,500,000), and a further \$11,350,730 with Westpac (2024: \$9,731,510).

Liquidity Risk

The Group's objective is to maintain a balance between continuity and flexibility of funding through maintaining an appropriate mix between fixed short-term and floating "on call" interest rate deposits. The Group has very low liquidity risk due to the high value of cash and cash equivalents invested for less than six month terms. The Group also has a large value of funds that are invested in readily saleable bank/company bond investments.

Borrowings

As at 31 March 2025, the value of the Trust's loans is \$8.01 million (2024: \$8.65 million) maturing in March 2026. The effective interest rate on the loans is as follows: \$3.17 million at 5.35% and \$4.84 million at 5.50% (2024: 7.05% & 7.07%).

The value of the identifiable collateral (three existing properties owned by the Trust) held against those loans amounted to \$15.00 million along with a general security interest over all personal and non-personal property of the Trust.

Fair Values

In our opinion of the Group:

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices. The carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values.

30 CONTINGENT ASSETS AND LIABILITIES

New Zealand Racing Board

The Invercargill Licensing Trust (Parent) has provided fidelity guarantees of \$55,000 in relation to TAB agencies operating within the Trust's establishments. These guarantees would only be payable in the event that incidents of fraudulent activity or theft were discovered.

Other than this one guarantee, the Group had no other contingent assets or liabilities at 31 March 2025.

(2024: The same \$55,000 fidelity guarantee to the NZ Racing Board)

31 COMMITMENTS

• Non Capital Commitments

There were no non-capital commitments at 31 March 2025 (2024: nil)

• Capital Commitments

There were no capital commitments at 31 March 2025 (2024: No capital commitments.)

• Lease Commitment (Leasee)

The Invercargill Licensing Trust (Parent) had a short term lease for car parking space for the use of guests at it's Kelvin Hotel. This car park was sold to Wilson Parking in December 2023. There is only a month by month rolling rental cost that expensed directly to the statement of Financial Performance. There in no future committed rental.

	2025	2024
	\$000	\$000
Within one year	-	-
Between two and three years	-	-
	<u>-</u>	<u>-</u>

• Operating Lease Commitments (Lessor)

The Invercargill Licensing Trust (Parent) owns various properties that are used predominantly for their own businesses but which include some surplus areas that are leased to tenants under operating leases. The following future minimum lease rentals are contractually receivable from lessees.

	2025	2024
	\$000	\$000
Within one year	10	10
Between one and five years	250	193
Total minimum lease receivables	<u>260</u>	<u>203</u>

32 EVENTS SUBSEQUENT TO BALANCE DATE

There are no post-balance sheet date events.



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF INVERCARGILL LICENSING TRUSTS GROUP AND PARENT FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

The Auditor-General is the auditor of Invercargill Licensing Trust group (the Group and parent). The Auditor-General has appointed me, Peter Taylor, using the staff and resources of KPMG, to carry out the audit of the financial statements of the Group on his behalf.

Opinion

We have audited the financial statements of the Group and parent on pages 8 to 36, that comprise the statement of financial position as at 31 March 2025, the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the Group and parent:

- present fairly, in all material respects:
 - its financial position as at 31 March 2025; 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 (NZ IFRS) and International Financial Reporting Standards (IFRS).

Our audit was completed on 28 August 2025. 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, we comment on other information, 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 for the audit of the financial statements* 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 Group and parent 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 Group and parent for assessing the Group and parent'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 Group and parent, 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 Group and parent's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Members.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Members and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and parent's ability to continue as a going concern. If we conclude that a material



uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and parent 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 and parent to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group and parent 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 3 to 7 and 40 but does not include the financial statements, or our auditor's report thereon.

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

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

Independence

We are independent of the Group and parent 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 Group or parent.

Peter Taylor
KPMG
On behalf of the Auditor-General
Christchurch, New Zealand

BUSINESS DIRECTORY

TRADING:

HOTELS / MOTELS

- Ascot Park Hotel
- Kelvin Hotel
- The Langlands Hotel
- Ashford Motor Lodge
- Balmoral Lodge Motel
- Cable Court Motel
- Homestead Villa Motel

TAVERNS / CAFÉ / BARS

- Eastern Suburbs Tavern
- Lone Star Café and Bar
- Newfield Tavern
- Northern Tavern
- Southland Tavern
- Speight's Ale House
- The Homestead
- Waikiwi Tavern
- Waxy's

LIQUOR STORES

- Centrepoint Liquorland
(Including Warehouse Distribution in Queenstown)
- South City Liquorland
- Collingwood Super Liquor
- East End Liquor
- Southland Super Liquor
- Windsor Wines

CATERING

- Ascot Park Hotel

NON TRADING:

- Maintenance Department
- Nursery Department
- Head Office



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