

**PRESIDENT’S REVIEW**

On behalf of the Oamaru Licensing Trust, I am delighted to announce the results of the financial year ending 31 March 2016.

The Oamaru Licensing Trust was constituted under the Licensing Trust Act 1949.  The Licensing Trust Act was replaced by the Sale of Liquor Act 1989, followed by the Sale and Supply Act 2012. This report is submitted in accordance with section 334 of the Sale and Supply Act 2012.  Members of the Oamaru Licensing Trust would like to present the Annual Accounts to the public of the Oamaru Licensing District.

**Summary**

As you are aware, during the 2014 financial year, the Oamaru Licensing Trust made the move to manage their own affairs with the support and partnership of Mainstay Hotels, New Zealand.  Since that time, the general manager of the Trust and the board have worked diligently to streamline the operation and to improve the trading results of the Trust’s assets.

We are therefore delighted to announce that the trading result for the year end 31 March 2016 has further improved and the Oamaru Licensing Trust continues to consolidate and improve its financial performance for the betterment of the community.

During the year being reported on, the Trust recorded a growth in overall financial performance and a positive nett profit EBITDA of $654,422 – this compares very favourably to the year before, when the Trust recorded a nett profit EBITDA of $572,314.

After all other costs, this resulted in a tax paid surplus of $330,882 much improved over last year’s tax paid surplus of $103,681. A positive swing of $227,201.

This result, reinforces the moves made by the Trust to manage their assets themselves and employ a local manger to grow and develop the business.  This move has seen administration costs streamlined and a greater level of focus on the local community.

We are clearly delighted to be sharing this positive result with the community.    The Board, along with their General Manager and business partners remain focused on continuing to improve the financial results of the Trust.  We set a new course of direction two years ago and given the movements we have seen to date, we remain very confident on the financial security of the Trust going forward and our decision to re shape the operations of the Trust.

**Sales**

As reported above, we were pleased to see gross sales remain strong and with forward sales remaining strong, the Trust expects further gains and for the current financial year to also perform well.

As the financial performance continues to improve, we remain focused on continuing to re-invest in the Trust’s assets through an ongoing refurbishment plan at a rate and pace that allows us to meet our other financial obligations.

There were good to significant gains from the accommodation outlets in terms of operational contribution.   There continues to be significant competition for the wholesaling side of the business and subsequently Oasthouse did lose some ground in terms of revenues but costs remained controlled and the outcome on the bottom line was minimized.

The Northstar complex had another solid year. Revenues from the accommodation side were particularly good and costs were also tightly controlled. Again, with changes in Liquor Laws, we did see some decline in beverage sales but this was offset by the gains made in other parts of the business.

Likewise, the Brydone Hotel enjoyed another strong year with growth in revenues. Costs were well controlled and the hotel produced a very good result compared to the previous year. We are seeing some stronger demand again this financial year from international clients and all else being equal expect to see good gains going forward.

Finally, we can also report that the Corporate operations saw some decline in revenues due to a decline in rebates (from less wholesale sales at Oasthouse) and a lower dividend pay-out from the shares the Trust holds in DB. Despite this drop in revenue, Corporate saw a stronger bottom line through tight cost controls.

**Operating expenses**

Whilst revenues were slightly behind, the nett trading result was ahead by $227,201 so clearly there were some very strong levels of control over the costs in order for us to achieve an improved result.

The Trust has combined with other Licensing Trusts in New Zealand to explore efficiencies in purchasing and by buying together we are able to reduce our overall costs.  In addition we have looked at our total business in the region, and where practical combined our purchasing strength for the good of the Trust and community.

With our decision to manage our own assets, there has been a significant reduction in administration costs - whilst we have reduced our costs in this area, we continue to enjoy exposure and assistance with business outside of the region through our new partners at Mainstay Hotels.

**Statement of Financial position**

Given the news above, you will share our pleasure in noting an improvement to our equity position.  Equity now sits at $2.409m against last year of $2.078m.This is particularly pleasing given the large improvements the Trust also enjoyed in the two prior years.

The last three years have seen a substantial turn around in the Trusts fortunes and performance which allows us to re-invest in both the community and our core assets building value for our stakeholders throughout the district.

We continue to drive the business and have a strong focus on continuing to drive the operating cashflow of the business. In addition, we have again this year further reduced the level of debt that the Trust has and this is a positive move for the longer terms aspirations of the Trust.

**Development and Capital Expenditure**

The Trust is now in the fortunate position, through good financial management, to be able to continue a refurbishment plan which will see the asset re-furbished over time. This will be in an ongoing manner to ensure that we have plant that the community can be proud of.

**Community Support**

We are thrilled to again announce our support for so many organizations in our community – this continues a long and very proud history by the Oamaru Licensing Trust to recognise and help those many deserving groups.

In order for us to achieve this level of support, we thank the community for their support of the Trust assets through your patronage.  We list the organizations that have received that support separately.

**Acknowledgements**

It has again been an extremely challenging year in which to do business and the Board wishes to acknowledge the passion and commitment shown to the organization by the respective managers and team members.

Particular thanks to Cathy Maaka who this year, took on the reigns as the Oamaru Licensing Trusts General Manager. Prior to this it was a joint role held with Justin Ludlow, and we thank him for his contribution and service.

Our General Manager, Cathy, has not only worked hard to grow the business but has whole heartedly embraced the new environment to deliver the best result possible to the community.

We would also acknowledge the successful partnership with Mainstay Hotels New Zealand who have provided input and advice which has been provided to support the Management Team and the Board of the Oamaru Licensing Trust.

Finally, our thanks go out to all of those in the community for your continued support of the Oamaru Licensing Trust by way of feedback and your custom of the businesses within the Trust.  We really do appreciate your support and help.

**Board**

As President, I have been very pleased with the progress made this year – whilst challenging, it has also been very satisfying.  I would like to take this opportunity to extend my thanks to the Board for all of their support and guidance so freely given over the past year.  We continue to see some great opportunities going forward but remain cognisant of our responsibilities to upgrade and maintain our venues against our desire to reduce debt and of course to continue our passion to serve and support as many local organizations as possible.

Ali Brosnan

President

Oamaru Licensing Trust