



**Annual Report**  
Year Ending 30 April 2014

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# Company Directory

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## Directors and Officers

Chairman	Craig David Boyce
Deputy Chairman	John Allen Dobson
Directors	Gary Raymond Rohloff Lucas Nicholas Elias Bunt Richard Hellings
Managing Director	Richard Hellings

**Registered Office** 550 Colombo Street  
Christchurch 8011

**Bankers** ANZ Bank of New Zealand Limited  
PO Box 220  
Christchurch 8140

**Auditors** KPMG  
Level 3, 62 Worcester Boulevard  
PO Box 1739  
Christchurch 8140

**Share Registrars** Link Market Services Limited  
Level 16, Brookfields House  
19 Victoria Street West  
P O Box 91976  
Auckland 1142  
Telephone 093755990

## Address for Communication

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# Trend Statement

	Restated 2010 (\$m)	Restated 2011 (\$m)	Restated 2012 (\$m)	Restated 2013 (\$m)	2014 (\$m)
<b>GROUP FINANCIAL PERFORMANCE</b>					
<b>Operating Revenue</b>	<b>226.1</b>	<b>220.7</b>	<b>222.5</b>	<b>222.5</b>	<b>220.6</b>
Profit Before Taxation	1.6	1.9	3.9	6.3	4.7
Add / (Deduct) Taxation Credit / (Expense)	-	-	0.5	(0.9)	(0.6)
Profit After Taxation	1.6	1.9	4.4	5.4	4.1
Deduct Minority Interest	-	-	-	-	-
Profit After Income Tax	1.6	1.9	4.4	5.4	4.1
<b>GROUP FINANCIAL POSITION</b>					
<b>Assets</b>					
Total Trading Assets	84.0	80.0	74.3	70.7	78.7
Finance Company Assets	84.5	82.7	81.9	77.5	73.0
<b>Total Assets</b>	<b>168.5</b>	<b>162.7</b>	<b>156.2</b>	<b>148.2</b>	<b>151.7</b>
<b>Deduct Liabilities</b>					
Total Trading Liabilities	49.4	47.1	44.8	45.0	48.4
Finance Company Liabilities	79.3	75.2	74.5	62.8	60.3
<b>Total Liabilities</b>	<b>128.7</b>	<b>122.3</b>	<b>119.3</b>	<b>107.8</b>	<b>108.7</b>
<b>Net Group Assets</b>	<b>39.8</b>	<b>40.4</b>	<b>36.9</b>	<b>40.4</b>	<b>43.0</b>
<b>Total Trading Assets (As Above)</b>	<b>84.0</b>	<b>80.0</b>	<b>74.3</b>	<b>70.7</b>	<b>78.7</b>
<b>Net Finance Company Assets</b>					
Receivables	83.5	81.9	80.8	76.7	72.0
Bank	1.0	0.8	1.1	0.8	1.0
Deduct Borrowings	(79.3)	(75.2)	(74.5)	(62.8)	(60.3)
Net Investment In Finance Company	5.2	7.5	7.4	14.7	12.7
<b>Total Assets</b>	<b>89.2</b>	<b>87.5</b>	<b>81.7</b>	<b>85.4</b>	<b>91.4</b>
<b>Deduct Total Trading Liabilities (As Above)</b>	<b>49.4</b>	<b>47.1</b>	<b>44.8</b>	<b>45.0</b>	<b>48.4</b>
Net Group Assets With Finance Company As An Investment	39.8	40.4	36.9	40.4	43.0
<b>Key Ratios</b>					
Net Profit Before Tax To Operating Revenue	0.7%	0.9%	1.7%	2.8%	2.1%
Net Profit After Tax To Operating Revenue	0.7%	0.9%	2.0%	2.4%	1.9%
Net Profit After Tax To Opening Net Assets	4.0%	4.8%	10.9%	14.6%	10.1%
Earnings Per Share – cents	3.00	3.57	8.28	10.21	7.70
Shareholders' Funds To Total Assets	23.6%	24.8%	23.6%	27.3%	28.3%
Shareholders' Funds To Assets With Finance Company As An Investment	44.6%	46.2%	45.2%	47.3%	47.0%
<b>SUMMARY OF RETURNS TO SHAREHOLDERS</b>					
Net Dividend Per Share - cents	2.00(2)	2.00(1)	3.50(1)	3.50(1)	3.50(1)
Imputation Credits - cents	0.15	0.00	0.00	0.00	0.00
Gross Dividend Per Share - cents	2.15	2.00	3.50	3.50	3.50
30 April Share Price - cents	32	32	49	59	56
Gross Dividend Yield Based on 30 April Share Price	6.72%	6.25%	7.14%	5.93%	6.25%
1) Dividend paid without imputation credits					
2) Dividend paid partially imputed					

The restated figures arise from a prior period adjustment. This was required following a review of the accounting processes adopted on transition to NZIFRS in light of current guidance. The prior period adjustment affected Finance Receivables and Shareholders' Funds with minimal impact on reported profit throughout this period. Refer Note 34 to the Financial Statements

# Company Profile

## Corporate Structure

Smiths City Group Limited, based in Christchurch, is listed on the New Zealand Stock Exchange and has approximately 1,400 shareholders.

It is the parent of a number of subsidiary registered companies covering the range of business activities that the company engages in.

The Group was founded in Christchurch in 1918 and continues to occupy the same site in Colombo Street.

The Group is active in three complementary industry segments – retail, property and consumer finance. It employs approximately 630 full-time and 68 part-time staff.

## Retail

### Brands

The Group recognises the importance of customer loyalty and market share, and focuses on achieving these through providing quality brands and outstanding customer service in-store and in the customer's home.

The Group strongly supports some of New Zealand's best known brands including Fisher & Paykel, Sleepyhead and Cavalier Bremworth; along with international brands such as L G Electronics, Beko, Haier, Samsung, Panasonic, Hewlett Packard, Acer and Electrolux.

The Group's own retail brands of Smiths City, Powerstore and L V Martin are widely recognised in the New Zealand market and in the retail industry.

### The Customer Experience

The customer experience is paramount in retail and the Group will continue to offer a 'full service' retail experience by providing quality goods, outstanding in-store service from knowledgeable sales staff, home deliveries and installation, and flexible finance options provided through the Group's own finance company.

### Lifestyle Stores – Smiths City

The Smiths City chain retails kitchen and laundry

appliances, consumer electronics, indoor and outdoor furnishings, bedding, heating and flooring products for the home and also includes sports departments in many of its stores. Smiths City is the largest and oldest brand in the Group providing approximately 75% of the Group's retail turnover.

The chain comprises 17 stores in the South Island and 10 in the North Island, all trading under the Smiths City name. There are also four Clearance Centres retailing a full range of affordable new product together with used and second hand items and two high-end furniture retail stores trading in Christchurch and Queenstown under the brand Furniture Concepts.

An experienced and focused purchasing and marketing team has resulted in Smiths City having significant market share in a number of product categories identified as strategically important.

In addition to sourcing furniture from New Zealand manufacturers and distributors, the company operates a substantial import program handling in excess of 580 containers per annum through its national Distribution Centre located in Christchurch.

### Specialist Appliance Chain – Powerstore and L V Martin

The Group has operated a South Island chain of appliance only stores since 1997 trading as Powerstore. L V Martin, a Wellington based appliance chain, was acquired from the Martin family in 2004.

The appliance chain sells a full range of kitchen appliances, home entertainment and computer products specialising in well known brands including Fisher & Paykel, Samsung, L G, Panasonic, Hewlett Packard and Acer.

The chain adds scale to the Group's appliance buying and provides a point of difference to the larger format department stores, who sell similar products in the midst of other product ranges.

The appliance stores combine excellent store layout and

staff with an outstanding level of product knowledge leading to a superior instore shopping experience.

The L V Martin brand is an institution in the Wellington region having been a household name over the past 76 years. Throughout its history L V Martin has built an enviable reputation for its unwavering attention to after-sales service and they have built a strong customer base recognising the value of expert advice, trust and service.

#### *On-Line Strategy*

The use of the internet is widely recognised as a developing medium for retail and the Group regards the web as an important tool for sales growth in the future. L V Martin, Smiths City and Powerstore have fully functioning websites retailing a full range of their respective instore products.

The Group is pleased with the progress made to date in its multi channel offering and continues to invest in this area.

#### *Appliance Servicing - Alectra*

Alectra operates from eight locations across New Zealand and provides a valuable component of the 'full service retail' model. Originally a service arm of the retail stores providing repairs and installation support for kitchen appliances, Alectra has expanded into a separate business unit and added electrical wiring, gas fitting, plumbing, structural cabling and maintenance and installation of home heating products to its portfolio of services.

Alectra has built a reputation for providing professional and quality work and services a large customer base including many outside the Group's own retail network.

#### **Finance**

The finance business of the Group is divided into three parts – point-of-sale finance through secured fixed instalment or revolving credit customer accounts; the provision of unsecured personal loans to customers with a proven credit history; and a small trade finance ledger to businesses where the Group sees an opportunity to add value.

As at 30 April 2014 the consumer finance ledger value

was approximately \$72.0million and borrowing against the portfolio was approximately \$60.3million. There were approximately 64,200 active accounts at that time.

The ledger is funded through a bulk funding facility with ANZ Bank New Zealand Limited and, consequently, does not raise money from the general public

The Group's management and day-to-day control of the consumer finance ledger gives the retail brands a point of difference in the market and contributes to the value added by the full service retail model.

#### **Property**

Prime locations and superior store presentation are critical to the success of any retail organisation.

The Group continues to place strategic importance on retaining ownership of its key Colombo Street, Christchurch site. The buildings were substantially damaged in the February 2011 earthquake. As at balance date 2014 Stage 2 of the building repair was underway to increase the retail footprint close to pre-earthquake levels.

The Group is also reviewing options for the Administration office which is, at this time, continuing to operate from premises in Watts Road, Sockburn, Christchurch.

The Group's property company is used to undertake developments for the retail business when appropriate opportunities arise.

#### **Subsidiary Company**

The Group owns the Bauer brand of bicycles. As a key part of its distribution strategy for this brand the Group owns 65% of Adventure Brands. It is an importer and wholesaler of bicycles and fitness equipment.

#### **Appliance Buying**

The Group is a founding member of the New Zealand appliance buying group NARTA. Membership of this buying group has yielded significant benefits within the highly competitive appliance market.

# Chairman's Review

## Summary Of Financial Performance

The audited operating surplus after taxation for the 12 months to 30 April 2014 was \$4.1m (last year \$5.4m) - a decrease of 25.4%. However profit from operations before interest and tax increased by 44.7%.

Operating revenues for the 12 months were \$220.6m (last year \$222.5m).

	12MTHS 30.4.14 (\$m)	12MTHS 30.4.13 (\$m)	% INC/DEC
<b>TOTAL OPERATING REVENUE</b>	<b>220.6</b>	<b>222.5</b>	<b>-0.8%</b>
Profit From Operations	5.5	3.8	+44.7%
Other Income - Insurance Receipts	0.5	5.5	
Refinancing Break Costs	-	(1.6)	
Group Interest Paid – Excluding Smithcorp	(1.3)	(1.4)	
<b>OPERATING SURPLUS BEFORE TAXATION</b>	<b>4.7</b>	<b>6.3</b>	<b>-25.4%</b>
Deferred Taxation (Charge)/Credit*	(0.6)	(0.9)	
<b>SURPLUS AFTER TAXATION</b>	<b>4.1</b>	<b>5.4</b>	<b>-24.1%</b>

\* The deferred tax charge for the current year takes into account temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes as well as the movement in the company's estimates of future taxable profits on the basis these can be offset against the tax losses available.

The Directors have declared an unimputed final dividend of 2.5cents per share (last year 2.5cents) to be paid on Friday 15 August 2014. The dividend will be paid to those shareholders on the Share Register at 5.00pm Friday 8 August 2014.

When added to the 1.0cent interim dividend paid in February 2014 this brings the dividend to 3.5cents for the full year (last year 3.5cents).

## Results

The comparison of operating surplus after taxation to last year is affected by the timing of the receipt of insurance payments related to the Colombo Street building.

Consequently comparing the profit from operations before interest and tax is a more meaningful measure of performance and using that basis the Board of Directors are pleased to announce an increase in profit of 44.7%. This reflects increasing returns through the furnishings side of the retail business, the finance company and the property division offset by a disappointing result from the appliance side of the business.

In the three years since the Christchurch 2011 earthquakes, the company has made significant progress having earned profits from operations of approximately \$15million, reopened all its trading locations, completed the refinancing of the finance company and maintained dividend payments.

When reviewing the Balance Sheet it will be seen that the company has made a prior period adjustment reversing the NZIFRS day one fair value component of the Smithcorp receivables ledger. The accounting for day one fair value started in 2008 on the introduction of NZIFRS. We had independent advice from the auditors, KPMG, who advised on the methodology which we have consistently applied since 2008.

In conjunction with KPMG, the Board has now reviewed the accounting processes adopted on transition to NZIFRS in light of current guidance and has revised its process on the treatment of unearned finance revenue.

The impact of this revised process is that the reported net finance receivables value has reduced by \$6.0 million as at 1 May 2012. There has been no material impact on reported profit in either the 2013 or 2014 financial years. As the restatement reflects a change in the historical accounting process it is recorded



as a reduction in the 2013 year opening equity of \$6.0million – or 3.7% of gross assets at that time.

### Colombo Street Property

The Colombo Street, Christchurch property is a key asset on the Balance Sheet and was substantially damaged in the 2011 earthquake. Stage 1 of the repairs were completed in November 2011. Stage 2 of the Colombo Street property redevelopment will bring the store's retail footprint close to pre-earthquake size but the quality of that footprint will have been enhanced. This is due for completion approximately August 2014.

Stage 1 and 2 do not include moving the Head Office back to Colombo Street. This continues to operate from Watts Road, Sockburn.

The Board of Directors are expecting to finalise all insurance issues including in regard to the offices during the first half of the 2015 financial year.

### Directors

The Board of Directors were pleased to welcome Mr Luke Bunt to the Board as an independent non-executive Director of the company in April this year.

Luke has a strong background in retail, property and finance. Since 2012 he has been a professional Director and in the previous 10 years was Group CFO and Head of Property for national retailer The Warehouse Group, and Chairman of the Warehouse Financial Services consumer finance joint venture. Prior to this he held senior finance, operating and development roles with DB Group and Feltex Carpets.

He brings to our Board not only a strong knowledge of retailing, consumer finance and property, particularly in the Auckland market, but valuable experience in strategic planning. Luke takes the director vacancy left when Mr John Holdsworth retired from the Board.

Ms Sarah Ottrey, who was appointed in 2010, retired from the Board at end March 2013. In her time with us she provided invaluable guidance in marketing and branding as well as operational sales areas. Her marketing experience and insights were a great contribution at the Board table. The Board wishes her all the best for the future. The Board will look to find a replacement for Sarah in the next few months.

### Strategy

With the earthquake upheaval effectively behind us the results the company has achieved mean it can look forward confidently.

The company has maintained the strength of its position in the South Island and since 2004 built its presence in the North Island with 10 Smiths City stores spread across the Bay of Plenty and the lower North Island where results improved substantially in the 2014 year.

Growth in profitable sales and new North Island locations continues to be the cornerstone of the Board's long term strategy.

The company has expressed, for some time, its desire to continue a targeted and successful expansion through the North Island culminating in an entry into the Auckland market. At this point there are no specific opportunities under review but changes to the organisation structure undertaken over the last 18 months have positioned the company well should these opportunities arise.

On that basis the immediate focus is to further improve the returns from each existing business unit.

### Management and Staff

On behalf of the Board of Directors I once again wish to acknowledge every one of the staff of the Smiths City Group and their part in our performance. Their loyalty and contribution is sincerely appreciated.

### Outlook

Growth in the economy is evident particularly in Canterbury and provincial South Island but competition at retail remains strong particularly in the appliance sector. The challenge for the company is to improve results and increase shareholder value. The changes we have made in the organisation, and will continue to make as part of our strategy, are directed at achieving this.



C D BOYCE  
CHAIRMAN



# Managing Director's Review

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## Market Overview

Much has been reported of the general upturn in the wider New Zealand economy. Based on the latest available Department of Statistics data, it is pleasing to see that there has been some growth in the key market segments in which we operate – appliances (in the year to March 2014 compared with March 2013) up 3.1% and furnishings up 7.8%.

The appliance increase was price and promotionally driven with both dollar sales and margins under pressure as a result of retailers seeking market share and passing the benefits of a high New Zealand dollar on to the consumer.

The furnishings market has been driven by a more buoyant housing market and whilst it is less volatile than the appliance sector it too is competitive and pricing has also reflected the high New Zealand dollar

The products we sell are an easily deferrable purchase which results in strong promotional activity designed to increase demand. It has always been competitive and this is unlikely to change as we go forward.

## Review of Operations

Management's response to the economic conditions in the last financial year has been to seek a better "quality" of business rather than "quantity" of business and as a result is pleased to be able to report a substantial increase in operating profit on flat sales.

The improvement in profitability was not a result of a general improvement in conditions across the retail environment but was achieved by capitalising on the benefits of a lower funding structure through Smithcorp Finance and a much improved performance from Smiths City in the Lower North Island.

We also experienced improving results from our newer Furniture Concepts retail furniture business and the Commercial Division.

These were offset by a lower return from the Christchurch market where major competitors that had been closed for all or parts of the 2012 and 2013 years were open for a full year in what to all intents and purposes were brand new premises.

Unfortunately Stage 2 of repair work to our Colombo Street property, originally scheduled for completion pre-Christmas 2013 was delayed as we went through the ground assessment and consent phase in mid-year and work did not commence until January 2014.

In addition whilst our furnishings and bedding categories showed good improvements in contribution we continued to see disappointing results from the appliance category, in particular the L V Martin / Powerstore appliance stores.

As noted earlier Smithcorp Finance was a standout performer taking advantage of the lower cost of funds that resulted from refinancing with ANZ in April 2013. This shows the benefit of having an integrated operation – whilst retail performance undoubtedly underpins the organisation, profits can still be made even when retail sales performance is flat.

## Priorities and Outlook

The company remains committed to expanding its operations to enable it to take advantage of a national media strategy as well as the benefits of a strong on-line presence.

To this end the company will continue to actively investigate all options for growth.

As part of this strategy the company is committed to providing a true omni-channel product offering and is part way through a complete redesign of its website and social media offering with a launch planned for later this calendar year.

Alongside these strategies management's immediate objective is to improve results across all our existing retail operations and, particularly, to turn around any considered to be underperforming.

The current result from the retail operations is not where management wants it to be. It will be changed by accentuating the positive and eliminating the negative. Where we direct our promotional budget will prove key to how successfully this is executed.

During 2013 the Board changed the management organisation structure from one reflecting brand position to one more reflective of its operations going forward. It did this by changing from having General Managers for each brand to having simply two roles – General Manager Merchandise and General Manager Operations – both reporting to the Managing Director. The former concentrates on buy-in and logistics and the latter on all aspects of marketing, sell out and margin retention.

These changes immediately enabled us to eliminate cost in the appliance division by combining back office functionality. The focus is now on improving sales and margins throughout the division, particularly in the kitchen appliance category.

In other key parts of the business, having Stage 2 of Colombo Street scheduled to be completed within the first half of the 2014/2015 financial year offers an exciting opportunity for us to increase our share of the key Christchurch market.

Also with good execution, further improvements can be made throughout the North Island.

During 2013 the company opened its new Kapiti store and also moved into new premises in Porirua both of which have contributed positively to the improved results from the Lower North Island region. This region will further benefit when the company moves into new premises in Palmerston North in the third quarter of this year.

Our Upper North Island results suffered as the local

economic conditions suffered but, whilst it is early days, we are now seeing good signs of a recovery in the region and it will benefit from the company moving its Rotorua operation from Te Ngae on the fringe of Rotorua into the Rotorua City development in the city centre.

Whilst the Furniture Concepts and Commercial businesses are relatively early in their lifecycle, and currently small in size, results to date indicate they both offer opportunities for profitable growth as both can increase sales whilst making use of existing back office and logistics functions.

The Alectra Service operation is a key part of the business strategy and we intend to make maximum use of the Christchurch rebuild to improve returns from that area.

Lowering cost without compromising efficiency will always be a key objective. To this end the company is a significant way through a full independent logistics review which has confirmed the efficiency of our Christchurch operation but is also highlighting opportunities to improve efficiencies as the company grows.

## People

The loyalty and support of our staff is appreciated and never taken for granted.

Included in this Annual Report are the names of all those staff that were part of the Group at June 2014.

I would personally like to take this opportunity to thank all of them – as well as our customers, suppliers and shareholders – for their support.



**RICK HELLINGS**  
**MANAGING DIRECTOR**

# Financial Information

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# Smiths City Group Limited

## Income Statement

For The Year Ended 30 April 2014

	NOTE	GROUP 2014 (\$m)	2013 (\$m)	PARENT 2014 (\$m)	2013 (\$m)
<b>Revenue</b>	8	<b>220.6</b>	222.5	<b>0.4</b>	0.7
<b>Trading Profit</b>	9	<b>5.5</b>	3.8	<b>(0.7)</b>	(0.5)
Other Income	10	<b>0.5</b>	5.5	-	1.4
Refinancing Break Costs	11	-	(1.6)	-	-
Group Interest Paid – Excluding Smithcorp	11	<b>(1.3)</b>	(1.4)	-	-
<b>Results From Operating Activities</b>		<b>4.7</b>	6.3	<b>(0.7)</b>	0.9
Share Of Profit Of Equity Accounted Investee	19	-	-	-	-
<b>Profit Before Taxation</b>		<b>4.73</b>	6.3	<b>(0.7)</b>	0.9
Taxation	12	<b>(0.6)</b>	(0.9)	-	-
<b>Profit For The Year</b>		<b>4.1</b>	5.4	<b>(0.7)</b>	0.9
<b>Earnings Per Share For Profit Attributable To Equity Holders:</b>					
Basic and Diluted Earnings Per Share (cents)	25	7.7	10.2		

## Statement Of Comprehensive Income

For The Year Ended 30 April 2014

	NOTE	GROUP 2014 (\$m)	2013 (\$m)	PARENT 2014 (\$m)	2013 (\$m)
<b>Profit For The Year</b>		<b>4.1</b>	5.4	<b>(0.7)</b>	0.9
<b>Other Comprehensive Income</b>					
<b>Items that may be Reclassified Subsequently to Profit or Loss</b>					
Cash Flow Hedges – Fair Value Gains/(Losses) Taken To					
Cash Flow Hedge Reserve	23	<b>0.1</b>	(0.1)		
Cash Flow Hedges - Deferred Tax	20	-	-	-	-
<b>Total Other Comprehensive Income</b>		<b>0.1</b>	(0.1)	-	-
<b>Total Comprehensive Income For The Period Attributable To Members Of The Company</b>		<b>4.2</b>	5.3	<b>(0.7)</b>	0.9

# Statement Of Changes In Equity

## For The Year Ended 30 April 2014

	SHARE CAPITAL (\$m)	REVALUATION RESERVES (\$m)	HEDGING RESERVES (\$m)	OTHER RESERVES (\$m)	RETAINED EARNINGS (\$m)	TOTAL EQUITY (\$m)	NON CONTROLLING INTEREST (\$m)	TOTAL EQUITY (\$m)
<b>GROUP</b>								
<b>Balance 1 May 2012</b>	10.7	2.3	(0.4)	0.1	30.2	42.9	-	42.9
Prior Period Adjustment	-	-	-	-	(6.0)	(6.0)	-	(6.0)
<b>Adjusted Balance 1 May 2012</b>	<b>10.7</b>	<b>2.3</b>	<b>(0.4)</b>	<b>0.1</b>	<b>24.2</b>	<b>36.9</b>	<b>-</b>	<b>36.9</b>
Profit For The Year	-	-	-	-	5.4	5.4	-	5.4
Cash Flow Hedges – Fair Value Gains/ (Losses) Taken To Cash Flow Hedge Reserve	-	-	(0.1)	-	-	(0.1)	-	(0.1)
<b>Total Comprehensive Income For Period</b>	<b>-</b>	<b>-</b>	<b>(0.1)</b>	<b>-</b>	<b>5.4</b>	<b>5.3</b>	<b>-</b>	<b>5.3</b>
Subtotal	10.7	2.3	(0.5)	0.1	29.6	42.2	-	42.2
Dividends Paid	-	-	-	-	(1.8)	(1.8)	-	(1.8)
<b>Balance 30 April 2013</b>	<b>10.7</b>	<b>2.3</b>	<b>(0.5)</b>	<b>0.1</b>	<b>27.8</b>	<b>40.4</b>	<b>-</b>	<b>40.4</b>
Profit For The Year	-	-	-	-	4.1	4.1	-	4.1
Cash Flow Hedges – Fair Value Gains/ (Losses) Taken To Cash Flow Hedge Reserve	-	-	0.1	-	-	0.1	-	0.1
<b>Total Comprehensive Income For Period</b>	<b>-</b>	<b>-</b>	<b>0.1</b>	<b>-</b>	<b>4.1</b>	<b>4.2</b>	<b>-</b>	<b>4.2</b>
Non Controlling Interest in Subsidiary	-	-	-	-	-	-	0.4	0.4
Subtotal	10.7	2.3	(0.4)	0.1	31.9	44.6	-	45.0
Dividends Paid	-	-	-	-	(2.0)	(2.0)	0	(2.0)
<b>Balance 30 April 2014</b>	<b>10.7</b>	<b>2.3</b>	<b>(0.4)</b>	<b>0.1</b>	<b>29.9</b>	<b>42.6</b>	<b>0.4</b>	<b>43.0</b>
<b>PARENT</b>								
<b>Balance 1 May 2012</b>	<b>10.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.9</b>	<b>19.6</b>	<b>-</b>	<b>19.6</b>
Profit For The Year	-	-	-	-	0.9	0.9	-	0.9
Dividends Paid	-	-	-	-	(1.8)	(1.8)	-	(1.8)
<b>Balance 30 April 2013</b>	<b>10.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.0</b>	<b>18.7</b>	<b>-</b>	<b>18.7</b>
Profit For The Year	-	-	-	-	(0.7)	(0.7)	-	(0.7)
Dividends Paid	-	-	-	-	(2.0)	(2.0)	-	(2.0)
<b>Balance 30 April 2014</b>	<b>10.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.3</b>	<b>16.0</b>	<b>-</b>	<b>16.0</b>

# Statement Of Financial Position

As At 30 April 2014

		GROUP			PARENT	
	NOTE	2014	RESTATED 2013	RESTATED 2012	2014	2013
		(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
<b>CURRENT ASSETS</b>						
Cash And Cash Equivalents	13	1.9	0.6	2.2	1.8	0.1
Smithcorp Finance Cash And Cash Equivalents	13	1.0	0.8	1.1	-	-
Trade And Other Receivables	14	12.2	9.1	8.1	1.9	5.7
Smithcorp Finance Receivables – Current Portion	16	42.6	47.1	47.1	-	-
Inventories	15	42.4	39.0	39.9	-	-
<b>TOTAL CURRENT ASSETS</b>		<b>100.1</b>	<b>96.6</b>	<b>98.4</b>	<b>3.7</b>	<b>5.8</b>
<b>NON CURRENT ASSETS</b>						
Smithcorp Finance Receivables - Term Portion	16	29.4	29.6	33.7	-	-
Property, Plant And Equipment	17	17.5	16.3	16.8	-	-
Intangible Assets	18	1.7	1.9	2.5	-	-
Investments Including Equity Accounted Investees	19	-	0.5	0.6	-	0.1
Investments In Subsidiaries		-	-	-	15.7	15.7
Deferred Taxation	20	3.0	3.3	4.2	-	-
<b>TOTAL NON CURRENT ASSETS</b>		<b>51.6</b>	<b>51.6</b>	<b>57.8</b>	<b>15.7</b>	<b>15.8</b>
<b>TOTAL ASSETS</b>		<b>151.7</b>	<b>148.2</b>	<b>156.2</b>	<b>19.4</b>	<b>21.6</b>
<b>CURRENT LIABILITIES</b>						
Bank Overdraft	13	-	-	-	-	-
Trade And Other Payables Including Derivatives	21	25.8	22.6	25.5	0.2	0.1
Secured Borrowings	22	12.5	12.3	9.6	3.2	2.8
<b>TOTAL CURRENT LIABILITIES</b>		<b>38.3</b>	<b>34.9</b>	<b>35.1</b>	<b>3.4</b>	<b>2.9</b>
<b>SMITHCORP FINANCE NON CURRENT BORROWINGS</b>						
	22	60.3	62.8	74.5	-	-
<b>NON CURRENT LIABILITIES</b>						
Secured Borrowings	22	10.1	10.1	9.7	-	-
<b>TOTAL LIABILITIES</b>		<b>108.7</b>	<b>107.8</b>	<b>119.3</b>	<b>3.4</b>	<b>2.9</b>
<b>NET ASSETS</b>		<b>43.0</b>	<b>40.4</b>	<b>36.9</b>	<b>16.0</b>	<b>18.7</b>
<b>SHAREHOLDERS' FUNDS</b>						
Share Capital	23	10.7	10.7	10.7	10.7	10.7
Revaluation Reserve	23	2.3	2.3	2.3	-	-
Other Reserves	23	(0.3)	(0.4)	(0.3)	-	-
Retained Earnings	23	29.9	27.8	24.2	5.3	8.0
		<b>42.6</b>	<b>40.4</b>	<b>36.9</b>	<b>16.0</b>	<b>18.7</b>
Non Controlling Interest	29	0.4	-	-	-	-
<b>TOTAL EQUITY</b>		<b>43.0</b>	<b>40.4</b>	<b>36.9</b>	<b>16.0</b>	<b>18.7</b>
<b>Net Tangible Assets Per Share (cents)</b>		<b>78.40cents</b>	73.03cents	65.28cents		

# Statement Of Cash Flows

For The Year Ended 30 April 2014

	NOTE	GROUP 2014 (\$m)	2013 (\$m)	PARENT 2014 (\$m)	2013 (\$m)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
CASH WAS PROVIDED FROM:					
Receipts From Customers		206.6	210.3	-	-
Insurance Receipts		-	1.1	-	-
Interest Received – Smithcorp Finance		6.9	6.8	-	-
Interest Received – Other		-	0.1	0.4	0.7
Receipt Of Dividend		-	0.1	-	1.6
Total Cash Flows From Operating Activities		213.5	218.4	0.4	2.3
CASH WAS APPLIED TO:					
Payments To Suppliers And Employees		(206.2)	(209.3)	(1.0)	(1.6)
Interest Paid – Smithcorp Finance		(2.9)	(7.0)	-	-
Interest Paid - Bank And Other		(1.3)	(1.4)	-	-
Total Cash Flows Applied To Operating Activities		(210.4)	(217.7)	(1.0)	(1.6)
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>		<b>3.1</b>	<b>0.7</b>	<b>(0.6)</b>	<b>0.7</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
CASH WAS PROVIDED FROM:					
Insurance Receipts for Property		0.5	5.5	-	-
Repayment Of Advances From Customers		4.7	4.1	-	-
Total Cash Flows From Investing Activities		5.2	9.6	-	-
CASH WAS APPLIED TO:					
Purchase Of Property, Plant And Equipment		(2.5)	(1.7)	-	-
Total Cash Flows Applied to Investing Activities		(2.5)	(1.7)	-	-
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>		<b>2.7</b>	<b>7.9</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
CASH WAS PROVIDED FROM:					
Inter Company Advances		-	-	3.8	-
Receipt Of Loan To Fund Working Capital		0.2	3.0	0.5	2.6
Total Cash Flows From Financing Activities		0.2	3.0	4.3	2.6
CASH WAS APPLIED TO:					
Inter Company Advances		-	-	-	(3.6)
Repay Advances To Fund Finance Receivables		(2.5)	(4.4)	-	-
Increase In Equity In Finance Company		-	(7.3)	-	-
Repay Borrowings		-	-	-	-
Share Repurchase		-	-	-	-
Dividends Paid		(2.0)	(1.8)	(2.0)	(1.8)
Total Cash Flows Applied To Financing Activities		(4.5)	(13.5)	(2.0)	(5.4)
<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>		<b>(4.3)</b>	<b>(10.5)</b>	<b>2.3</b>	<b>(2.8)</b>
Net Inflow/(Outflow) In Cash And Cash Equivalents Held		(1.5)	(1.9)	1.7	(2.1)
Cash And Cash Equivalents At Beginning Of Period	13	1.4	3.3	0.1	2.2
Cash And Cash Equivalents At End Of Period	13	2.9	1.4	1.8	0.1



# Statement Of Cash Flows continued

## For The Year Ended 30 April 2014

	NOTE	GROUP 2014 (\$m)	2013 (\$m)	PARENT 2014 (\$m)	2013 (\$m)
<b>RECONCILIATION OF NET PROFIT WITH CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit Per Accounts After Earnings From Associate		4.7	6.3	(0.7)	0.9
Less Insurance Receipts For Property Reflected In Investing Activities		(0.5)	(5.5)	-	-
Plus Dividend Received From Associate		-	0.1	-	0.1
Add Depreciation; Amortisation And Impairment		1.5	2.8	-	-
		5.7	3.7	(0.7)	1.0
Add/(Deduct) Movements In Working Capital					
Add Decrease (Deduct Increase) Receivables		(2.7)	(1.0)	-	(0.2)
Add Decrease (Deduct Increase) Inventories		(3.4)	0.9	-	-
Add Increase (Deduct Decrease) Accounts Payable And Provisions		3.5	(2.9)	0.1	(0.1)
Movements In Working Capital		(2.6)	(3.0)	0.1	(0.3)
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>		3.1	0.7	(0.6)	0.7

# Notes To The Financial Statements

## 1) Reporting Entity

Smiths City Group Limited ("the company") is a company domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange ("NZX"). The company is an issuer in terms of the Financial Reporting Act 1993.

Financial statements for the company (separate financial statements) and consolidated financial statements are presented. The consolidated financial statements of Smiths City Group Limited as at 30 April 2014 comprise the company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

Smiths City Group Limited is primarily involved in the retailing of consumer electronic products, kitchen appliances, home heating solutions, home furnishings and sporting goods together with the provision of finance to support the retailing operations. In addition the Group also develops and owns retail property.

## 2) Basis Of Preparation

### a) Statement of Compliance

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZGAAP). They comply with the New Zealand equivalent to International Financial Reporting Standards ("NZIFRS") and other applicable Financial Reporting Standards, as appropriate, of profit oriented entities. The financial statements also comply with International Financial Reporting Standards ("IFRS").

The financial statements were approved by the Board of Directors on 4 July 2014.

### b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following:

- i) Derivative financial instruments are measured at fair value.
- ii) Land and buildings are measured at fair value less subsequent depreciation for buildings.

The methods used to determine fair values are discussed further in Note 5.

### c) Functional and Presentation Currency

The financial statements are presented in New Zealand dollars (\$) which is the functional currency of the Group and the company. All financial information presented in New Zealand dollars has been rounded to the nearest million unless otherwise stated.

### d) Use of Estimates and Judgements

The preparation of financial statements 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 areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are:

- » Smithcorp Finance receivables are initially recognised in accordance with accounting policy 3d(i).

Unearned income on fixed instalment contracts is recognised when these contracts are assessed as likely to become interest bearing. This involves judgement on the probability that contracts will enter an extended interest bearing period. This assessment is based on historical data. Accordingly, advance releases from unearned income are calculated on this basis and assessed regularly by management.

- » Approximately the next two years budgeted profits are considered in the calculation of the deferred tax asset to be recognised on the basis it is probable that future taxable profits will be available against which they can be utilised. Budgets together with a Five Year Plan approved by the Board support this judgement. Further information in respect of the carrying value of the deferred taxation asset is disclosed in Note 20.
- » The impairment testing of property, plant and equipment and intangible assets requires management's assessment of the existence of the indicators of impairment at each reporting date and where the indicators exist, management determines the recoverable amount of the asset. In the case of impairment testing of indefinite life intangible assets, impairment testing procedures involves the use of management cash flow projections and key assumptions as described in Note 18.
- » The valuation of land and buildings is described in Note 17.
- » The impairment of finance receivables is based on management's assessment of any objective evidence of impairment on an individual and collective basis, which takes into account the historical loss experience in the portfolio of finance receivables as described in Note 26.
- » A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Board of Directors regularly review significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, they assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are addressed by the Board of Directors.

When measuring the fair value of an asset or a liability the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e: as prices) or indirectly (i.e: derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable value inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 17 – Property, Plant and Equipment

Note 26 – Financial Instruments.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### **e) Segment Reporting**

An operating segment is a component of an entity that engages in business activities which earns revenue and incurs expenses and for which the chief operating decision maker (CODM) reviews the operating results on a regular basis and makes decisions on resource allocation. The Group has determined its CODM to be the Managing Director on the basis that it is him who determines the allocation of resources to segments and assess their performance.

The reportable operating segments of the Group have been determined based on the components of the Group that the CODM monitors in making decisions about operating matters. Such components have been identified on the basis of internal reports that the CODM reviews regularly in order to allocate resources and to assess the performance of the entity.

The Group is organised into three reportable segments, namely retail, the financing of retail sales, and property, reflecting the different sectors solely in New Zealand, within which the Group operates. The corporate structure of the Group also reflects these segments.

### **3) Significant Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

#### **a) Basis of Consolidation**

##### **i) Subsidiaries**

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investments in subsidiaries are valued at cost in the Parent.

##### **ii) Associates (Equity Accounted Investees)**

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method (equity accounted investees). Associates are stated at cost in the Parent company's financial statements.

##### **iii) Transactions Eliminated on Consolidation**

Intra-group balances and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

#### **iv) Business Combinations**

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date. The excess of the cost of acquisition over the fair value of the company's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the company's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

When the Group acquires a non controlling interest of an investment that is already controlled, the excess or deficit between the fair value of consideration paid and the fair value of the assets and liabilities acquired is recognised as a movement in equity.

#### **b) Foreign Currency Transactions**

Transactions in foreign currencies are converted to NZD at exchange rates at the dates of the transactions unless the transactions are hedged by foreign currency derivative instruments. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. All exchange gains and losses are recognised in the income statement in the period that they arise, except for qualifying cash flow hedges, which are recognised in other comprehensive income.

#### **c) Impairment**

The carrying amounts of the Group's property, plant and equipment, intangible assets, investments in equity accounted associates and subsidiaries and financial assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment, except that indefinite life intangible assets are tested annually and when impairment indicators exist.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses directly reduce the carrying amount of assets and are recognised in the income statement.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For Smithcorp Finance and trade receivables which are not significant on an individual basis, impairment is assessed on a portfolio basis and taking into account the historical loss experience in portfolios with a similar number of days overdue.

#### **d) Financial Instruments**

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are no longer recognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade

date – i.e: the date that the Group commits itself to purchase or sell the asset. Financial liabilities are no longer recognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

**i) Non Derivative Financial Instruments**

Non derivative financial instruments comprise Smithcorp Finance receivables, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. All non derivative financial instruments are initially recognised at fair value.

*Smithcorp Finance Receivables*

Subsequent to initial recognition, Smithcorp Finance receivables are measured at amortised cost using the effective interest method, less any impairment losses.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

*Trade and Other Receivables*

Trade and other receivables are recognised at cost less impairment losses.

*Cash and Cash Equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

*Loans and Borrowings*

Loans and borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method.

*Trade and Other Payables*

Trade and other payables are stated at cost and the amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid. These amounts are unsecured with the exception of those payables for which the supplier has a security interest over the inventory to which it relates and are usually paid within 60 days of recognition.

**ii) Derivative Financial Instruments**

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities.

Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship.

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in other comprehensive income to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued.

Derivatives that do not qualify for hedge accounting are accounted for as trading instruments and are recognised initially at fair value. Any gain or loss on remeasurement to fair value is recognised immediately in the income statement.

## **e) Property, Plant and Equipment**

### **i) Recognition and Measurement**

Land and Buildings are shown at fair value less subsequent depreciation for buildings. Fair value is determined by external independent valuers.

Other classes of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

### **ii) Subsequent Costs**

The costs of the day to day servicing of property, plant and equipment are recognised in the income statement as incurred.

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

### **iii) Depreciation**

Depreciation is recognised in the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The depreciation methods for the current and comparative periods are as follows:

» Buildings	1% straight line
» Leasehold Improvements	12.5% - 50% straight line
» Office and computer equipment	10% - 20% straight line

Depreciation methods, useful lives and residual values are reassessed at the reporting date.



## **f) Intangible Assets**

### **i) Indefinite Life Intangible Assets**

Indefinite Life Intangible Assets comprising purchased brands and trade names are initially measured at cost. Cost being the purchase price of the brands and trade names. On an annual basis, the recoverable amount of the brand is determined based on value in use calculations specific to the cash generating units associated with that brand.

### **ii) Definite Life Intangible Assets**

Definite Life Intangible Assets comprising acquired customer databases and computer software applications are capitalised on the basis of the costs incurred to acquire the customer database and bring to use the specific software. These costs are amortised on a straight line basis over their estimated useful lives.

Computer software development costs recognised as assets are amortised on a straight line basis over their estimated useful lives.

The estimated useful lives for the current and comparative periods are as follow:

Customer databases	20 years
Computer software applications	5 years
Development costs	5 years
Websites	5 years

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the software development employee costs and an appropriate portion of directly attributable costs.

## **g) Leased Assets**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight line basis over the term of the lease.

## **h) Inventories**

Inventories are measured at the lower of cost and net realisable value and are recorded net of all volume rebates and settlement discounts. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing locations and condition being the acquisition cost, freight, duty and other inward charges. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### **i) Employee Benefits**

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **j) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of resources will be required to settle the

obligation. 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 the risks specific to the liability.

**k) Warranties**

A provision for warranties is recognised when the underlying products or services are sold. A provision has been recorded for service on unexpired warranties based on a set percentage of the retail value of appliances sold and for annual and long term service contracts spread over the length of the warranty or service contract.

**l) Revenue**

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and trade discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Retail sales are recognised when the Group sells a product to the customer. Where such products are required to be installed, sales revenue is recognised when the product is installed.

Proceeds from insurance claims are recognised when the Group has the right to receive the proceeds.

**m) Finance Income**

Finance income comprises income on Smithcorp Finance receivables and interest income on funds invested.

*Income on Finance Receivables*

Income on finance receivables is recognised using the effective interest method calculated on the net amount outstanding. The effective interest rate is the rate that discounts the estimated future cash payments and receipts through the expected life of the financial asset.

The calculation of the effective interest rate includes all fees that are integral to the effective interest rate. All fees except those charged to customers accounts in arrears are considered to be integral to the effective interest rate. Fees charged to customer accounts in arrears are recognised as income at the time the fees are charged.

Income of Smithcorp Finance Limited finance receivables is included as part of revenue – refer Note 8.

*Interest Income on Funds Invested*

Interest income is recognised on a time proportionate basis using the effective interest method, which takes into account the effective yield on the financial asset.

**n) Finance Expenses**

Finance expenses comprise interest expense on borrowings, foreign currency losses, impairment losses recognised on financial assets (except for trade receivables) and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method. Note that Smithcorp Finance Limited interest expense is included as part of Trading Profit – refer Note 11.

**o) Income Tax Expense**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**p) Goods and Services Tax (GST)**

The income statement and statement of cash flow have been prepared exclusive of GST. All items in the balance sheet are stated net of GST with the exception of trade and finance receivables and trade payables, which include GST invoiced.

**q) Deferred Landlord Contributions**

Landlord contributions to fit out costs are capitalised as deferred contributions and amortised to the income statement over the initial period of the lease.

**r) Earnings per Share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

**s) New Accounting Policies**

Except for the change below the accounting policies applied are consistent with those of the annual financial statements for the year ended 30 April 2013, as described in those annual financial statements.

- **Fair Value Measurement**

IFRS13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS7. As a result, the Group has included additional disclosures in this regard (see Notes 2 d), 17 and 26).

In accordance with the transitional provisions of IFRS13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities

**t) New Standards and Interpretations Not Yet Adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013 and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

#### IFRS 9 Financial Instruments (2010); IFRS 9 Financial Instruments (2009)

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

IFRS 9 (2010) and (2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The adoption of these standards is expected to have an impact on the Group's financial assets but no impact on the Group financial liabilities.

#### **4) Statements Of Cash Flows**

The following are the definitions of the terms used in the statements of cash flows:

- Cash comprises cash and bank balances including Smithcorp Finance.
- Investing activities are those activities relating to the acquisition, holding and disposal of property, plant and equipment, investments along with advances and repayments from borrowers from Smithcorp Finance.
- Financing activities are those activities which result in changes in the size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash. Dividends paid are included in financing activities.
- Operating activities include all transactions and other events that are not investing or financing activities.
- Certain comparatives have been restated to be consistent with the presentation of the cash flows this year.

#### **5) Determination Of Fair Values**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

##### **a) Property, Plant and Equipment**

The fair value of property, plant and equipment recognised as a result of a business combination and land and buildings held are based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

##### **b) Trade and Other Receivables**

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

**c) Smithcorp Finance Receivables**

The fair value of Smithcorp Finance receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date.

**d) Borrowings**

Fair value is calculated based on the present value of contractual cash flows, discounted at the market rate of interest at the reporting date.

**e) Derivatives**

The fair value of forward exchange contracts is based on broker quotes. If a quote is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

## **6) Impacts Of The Canterbury Earthquakes**

The Colombo Street property, which is owned by the Group, suffered significant damage as a result of the earthquake on 22 February 2011.

Subsequently Smiths City has repaired the Colombo Street store to enable it to reopen in a reduced capacity on 22 November 2011, this being Stage 1 of the work on the property.

Stage 2 includes increasing the retail space of the property by utilising the despatch area which was part of the existing building footprint. Stage 2 is currently underway, the costs of which have been added to the value of the property – refer Note 17. Costs of this project claimed and met by the insurer total \$0.5million for the year ended 30 April 2014. These are shown as Other Income in the Income Statement. Plans for the administration premises are advancing but have not been given the same priority as the retail operation. It is nevertheless the company's intention to remain on the site and reintegrate the Group central administration function at some point.

## **7) Segment Information**

The Group has three reportable operating segments that are defined by the sectors within the Group which operates namely retail, the financing of retail sales, and property. This reflects the provision of flexible branded finance options to the Group's retail customers as being considered a key and integral part of the full service offering of all the trading operations of the Group. The following is an analysis of the Group's revenue and results by operating segment. Revenue reported below represents revenue generated from external customers. Inter segment revenue is recognised on the basis of arms length transactions. The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3.

More information on finance income is included in Note 8 and finance costs in Note 11. Furthermore information on finance receivables is included in Note 16 and finance receivables borrowings in Note 22. Note 26 includes further disclosures on credit and liquidity risk and interest rate risk associated with the financing of the Group's retail sales.

## Segment Revenue and Profit Analysis

	REVENUE FROM EXTERNAL CUSTOMERS (\$m)	INTER SEGMENT REVENUE (\$m)	TOTAL SEGMENT REVENUE (\$m)	SEGMENT PROFIT (LOSS) (\$m)
<b>YEAR ENDED 30 APRIL 2013</b>				
Retail Activities	211.2	-	211.2	1.5
Finance Activities	11.3	-	11.3	1.9
Property Activities	-	1.1	1.1	0.8
Parent Company	-	1.4	1.4	(0.4)
Trading Profit For Reportable Segments	222.5	2.5	225.0	3.8
Insurance Interim Payment Release For Colombo Street	-	-	-	5.5
Refinancing Break Costs Incurred To Exit Fisher & Paykel	-	-	-	(1.6)
Finance Facility	-	-	-	(1.4)
Group Interest Paid	-	-	-	-
Results From Operating Activities	222.5	2.5	225.0	6.3
Shares Of Profit Of Equity Accounted Investee	-	-	-	-
<b>Total Before Taxation</b>	<b>222.5</b>	<b>2.5</b>	<b>225.0</b>	<b>6.3</b>
<b>YEAR ENDED 30 APRIL 2014</b>				
Retail Activities	209.2	-	209.2	1.0
Finance Activities	10.4	-	10.4	3.6
Property Activities*	1.0	1.1	2.1	1.5
Parent Company	-	-	-	(0.6)
Trading Profit For Reportable Segments	220.6	1.1	221.7	5.5
Insurance Receipts For Property	-	-	-	0.5
Refinancing Break Costs	-	-	-	-
Group Interest Paid	-	-	-	(1.3)
Results From Operating Activities	-	-	-	4.7
Shares Of Profit Of Equity Accounted Investee	-	-	-	-
<b>Total Before Taxation</b>	<b>220.6</b>	<b>1.1</b>	<b>221.7</b>	<b>4.7</b>

\* Included in the property segments result is income after costs arising from a property transaction in relation to one of the Groups stores of \$0.6m (2013 \$nil).

## Other Segment Information

	RETAIL ACTIVITIES (incl Parent) (\$m)	FINANCE ACTIVITIES (\$m)	PROPERTY ACTIVITIES (\$m)	TOTAL (\$m)
<b>YEAR ENDED 30 APRIL 2013</b>				
Assets	56.8	77.5	13.9	148.2
Liabilities	(32.7)	(62.8)	(12.3)	(107.8)
Equity	(24.1)	(14.7)	(1.6)	(40.4)
Acquisitions Of Property, Plant, Equipment, Intangibles And Investments	1.6	0.1	-	1.7
Depreciation, Amortisation And Impairment	(2.8)	(0.1)	(0.1)	(3.0)
Interest Expense	(0.6)	(7.0)	(0.8)	(8.4)
Interest Revenue	0.1	10.6	-	10.7

	REVENUE FROM EXTERNAL CUSTOMERS (\$m)	INTER SEGMENT REVENUE (\$m)	TOTAL SEGMENT REVENUE (\$m)	SEGMENT PROFIT (LOSS) (\$m)
<b>YEAR ENDED 30 APRIL 2014</b>				
Assets	63.4	73.5	14.8	151.7
Liabilities	(38.3)	(60.3)	(10.1)	(108.7)
Equity	25.1	13.2	4.7	43.0
Acquisitions Of Property, Plant, Equipment, Intangibles	1.6	-	0.9	2.5
Depreciation, Amortisation And Impairment	(1.3)	(0.1)	(0.1)	(1.5)
Interest Expense	(0.7)	(2.9)	(0.6)	(4.2)
Interest Revenue	-	9.9	-	9.9

## 8) Revenue

	GROUP 2014 (\$m)	2013 (\$m)	PARENT 2014 (\$m)	2013 (\$m)
Retail Sales	209.2	211.2	-	-
Interest Income On Smithcorp Finance				
Receivables Measured At Amortised Cost	10.4	11.3	-	-
Property Transaction (Refer Note 7)	1.0	-	-	-
Interest Income Inter Group	-	-	0.4	0.7
	220.6	222.5	0.4	0.7

## 9) Expenses By Nature

The following expenses have been included in arriving at Trading Profit.

Purchases Net Of Rebates	(149.5)	(148.4)	-	-
Movement In Inventory	(3.4)	(0.9)	-	-
Operating Lease Rental Expense	(14.1)	(11.8)	-	-
Employee Benefits	(33.6)	(32.9)	(0.8)	(0.7)
Auditors' Remuneration				
For Audit Services	(0.1)	(0.1)	-	-
Directors' Fees	(0.2)	(0.2)	(0.2)	(0.2)

## 10) Other Income

Insurance Payment Received On Property	0.5	5.5	-	-
Dividend From Subsidiaries	-	-	-	1.4
	0.5	5.5	-	1.4

## 11) Interest Expense

<b>Included In Trading Profit</b>				
Interest Expense On Smithcorp Finance Borrowings	(2.9)	(5.6)	-	-
<b>Disclosed Separately In Income Statement</b>				
Contractual Break Fee to Fisher & Paykel Finance Limited To Exit Loan Facility	-	(1.4)	-	-
Other Costs Of Refinancing Smithcorp Borrowings	-	(0.2)	-	-
Interest Expense On Bank Borrowings On Property And Retail Activities	(1.3)	(1.4)	-	-



## 12) Income Tax Expense

### a) Income Tax Expense

	GROUP		PARENT	
	2014	2013	2014	2013
	(\$m)	(\$m)	(\$m)	(\$m)
Current Tax	-	-	-	-
Deferred Tax (Charge) Credit	(0.6)	(0.9)	-	-
Total Income Tax (Charge) Credit	(0.6)	(0.9)	-	-

### b) Reconciliation Of Income Tax Expense To Tax Rate Applicable To Profits

Profit Before Income Tax Expense	4.7	6.3	(0.7)	0.9
Tax at the Rate Of 28% (2013 28%)	(1.3)	(1.8)	-	(0.2)
Tax Effect Of Amounts Which Are Either Deductible Or Taxable In Calculating Taxable Income				
- Tax Exempt Income	1.0	1.2	-	0.4
- Expenses Not Deductible For Tax	(0.3)	(0.3)	-	-
Recognition Of Tax Losses	-	-	0.7	(0.2)
Total Income Tax (Expense)/ Credit	(0.6)	(0.9)	-	-

### c) Imputation Credits

There are no imputation credits available to equity holders of the company either through the Parent company or any of its subsidiaries.

## 13) Cash And Cash Equivalents

The effective interest rates on call and short term deposits in 2014 was 3.35% (2013 3.1%). The amounts on deposit are at call (2013 at call).

Refer Note 22 for details of the effective interest rate on the Bank overdraft together with security provided.

## 14) Trade And Other Receivables

Trade Receivables	6.4	4.6	-	-
Impairment Allowances	(0.1)	(0.1)	-	-
Net Trade Receivables	6.3	4.5	-	-
Other Receivables	5.9	4.6	0.3	0.3
Insurance Proceeds Receivable	-	-	-	-
Inter Company Receivables	-	-	1.6	5.4
Total Current Receivables	12.2	9.1	1.9	5.7

### Effective Interest Rate

No interest is charged on trade receivables.

### Fair Value

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

Receivables of Adventure Brands Limited at balance date totalled \$1.1m for which the impairment allowance was \$0.02m.

Refer to Note 26 for information on the credit risk associated with the trade receivables.

## 15) Inventories

	GROUP		PARENT	
	2014	2013	2014	2013
	(\$m)	(\$m)	(\$m)	(\$m)
Finished Goods	43.1	39.9	-	-
Write-down To Net Realisable Value	(0.7)	(0.9)	-	-
<b>Net Inventories</b>	<b>42.4</b>	<b>39.0</b>	<b>-</b>	<b>-</b>

Inventory adjustments are provided at period end for stock obsolescence. The amount of inventory sold during the year is reflected in cost of goods sold.

The Group recognises inventory at the lower of cost and net realisable value (NRV).

The amount of inventory subject to registered reservation of title claims total \$7.0m (2013 \$3.1m).

## 16) Smithcorp Finance Receivables

	2014			2013		
	FIXED INSTALMENT (\$m)	REVOLVING CREDIT (\$m)	TOTAL (\$m)	FIXED INSTALMENT (\$m)	REVOLVING CREDIT (\$m)	TOTAL (\$m)
Gross Finance Receivables	82.3	21.2	103.5	90.2	20.1	110.3
Gross Finance Receivables Due From Adventure Brands Limited see notes 19 and 27	-	-	-	-	0.9	0.9
Provision For Unearned Income	(30.2)	-	(30.2)	(33.1)	-	(33.1)
	52.1	21.2	73.3	57.1	21.0	78.1
Less Impairment Allowances	(0.8)	(0.5)	(1.3)	(0.9)	(0.5)	(1.4)
	51.3	20.7	72.0	56.2	20.5	76.7
ANALYSIS						
Current Portion	35.0	7.6	42.6	38.6	8.5	47.1
Term Portion	16.3	13.1	29.4	17.6	12.0	29.6
	51.3	20.7	72.0	56.2	20.5	76.7

The table below details the geographic split of Smithcorp Finance receivables:

	2014		2013	
	FIXED INSTALMENT %	REVOLVING CREDIT %	FIXED INSTALMENT %	REVOLVING CREDIT %
North Island	20.7	25.5	22.6	27.8
South Island	79.3	74.5	77.4	72.2
	100.0	100.0	100.0	100.0

Refer to Note 26 for information on the credit risk associated with Smithcorp Finance receivables. A further breakdown of current and non current receivables is given as part of the liquidity risk disclosure.

The gross finance receivable due from related parties in 2013 comprises the amount due from Adventure Brands Limited under a revolving credit facility. The effective interest rate for 2013 was 5.4% and the facility is secured over the inventory and certain debtors of Adventure Brands Limited. Adventure Brands Limited became a 65%

owned subsidiary on 31 March 2014. Accordingly, its assets and liabilities have been consolidated in these financial statements and as a result the inter company balance is eliminated on consolidation. For completeness and comparative purposes the inter company debt was \$1.86m at balance date for which the effect interest rate was 6.6%.

Gross finance receivables includes all interest and finance related fees due under financing agreements.

The interest rate charged to customers on fixed instalment and flexible credit agreements varies. For those customers paying their accounts within the promotional term no interest is charged. However, for those customers whose accounts become interest bearing the rate charged is up to 23.95% per annum (2013 23.95%).

The finance receivables relate to products sold on deferred payment terms. There are no unguaranteed residual values accruing to the benefit of the Group.

Releases from unearned income are calculated on the probability that contracts will enter an extended interest bearing period. This probability is assessed based on historical data.

## 17) Property, Plant & Equipment

	LAND & BUILDINGS (\$m)	LEASEHOLD IMPROVEMENTS (\$m)	OFFICE & COMPUTER EQUIPMENT (\$m)	TOTAL (\$m)
<b>GROUP</b>				
<b>Cost or Valuation</b>				
Balance 1 May 2012	21.4	9.2	20.1	50.7
Additions	-	0.1	1.2	1.3
Disposals	-	(0.5)	-	(0.5)
<b>Balance 30 April 2013</b>	<b>21.4</b>	<b>8.8</b>	<b>21.3</b>	<b>51.5</b>
Balance 1 May 2013	21.4	8.8	21.3	51.5
Additions	1.0	0.5	0.7	2.2
Disposals	-	-	-	-
<b>Balance 30 April 2014</b>	<b>22.4</b>	<b>9.3</b>	<b>22.0</b>	<b>53.7</b>
<b>Depreciation and Impairment Costs</b>				
Balance 1 May 2012	(7.4)	(8.0)	(18.5)	(33.9)
Depreciation For The Year	(0.1)	(0.4)	(1.3)	(1.8)
Disposals	-	0.5	-	0.5
<b>Balance 30 April 2013</b>	<b>(7.5)</b>	<b>(7.9)</b>	<b>(19.8)</b>	<b>(35.2)</b>
Balance 1 May 2013	(7.5)	(7.9)	(19.8)	(35.2)
Depreciation For The Year	(0.1)	(0.6)	(0.3)	(1.0)
Disposals	-	-	-	-
<b>Balance 30 April 2014</b>	<b>(7.6)</b>	<b>(8.5)</b>	<b>(20.1)</b>	<b>(36.2)</b>
<b>Carrying Amounts</b>				
At 1 May 2012	14.0	1.2	1.6	16.8
<b>At 30 April 2013</b>	<b>13.9</b>	<b>0.9</b>	<b>1.5</b>	<b>16.3</b>
At 1 May 2013	13.9	0.9	1.5	16.3
<b>At 30 April 2014</b>	<b>14.8</b>	<b>0.8</b>	<b>1.9</b>	<b>17.5</b>

The land and buildings comprise the Colombo Street property which is occupied by the company's Colombo Street flagship store.

A reconciliation of carrying amount is scheduled above.

The last completed valuation for financial reporting purposes was 22 June 2012 by an independent property valuer. The valuation is undertaken on a three yearly cycle.

Work on Stage 2 of the Colombo Street building project was underway at balance date. Costs totalling \$0.9m in connection with this project have been added to the cost of the building. An independent valuation dated 26 August 2013 for mortgage security purposes was prepared by Colliers Valuation, an independent valuer. This assessed the value of the property once Stage 2 was completed. It compared this value to the current carrying value including costs incurred to date and estimates of costs to complete the project. The valuation supported the current carrying value and costs to date.

#### Fair Value Hierarchy

The fair value of this property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio every three years.

The fair value measurement for investment property of \$14.0m has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2(d)).

#### Level 3 Fair Value

The following table shows the valuation technique used in measuring the fair value of this property, as well as the significant unobservable inputs used.

Valuation Technique	Significant Observable Inputs	Inter-relationship Between Key Unobservable Inputs And Fair Value Measurement
<p><i>Discounted Cash Flows:</i> The valuation model considers the present value net cash flows to be generated from the property, taking into account expected rental growth rate and occupancy by the Group. The expected net cash flows are discounted using risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary).</p> <p>Also considered is the rental charged between companies in the Group (refer Note 27) which is assessed by reference to comparable rates per square foot for similar space. In addition the yield rates on sales of similar properties are also considered.</p>	<ul style="list-style-type: none"> <li>• <b>Expected market rental growth.</b></li> <li>• <b>Occupancy noting it is occupied by the Group.</b></li> <li>• <b>Risk adjusted discount rates (9.5% - 10.5%).</b></li> <li>• <b>Comparable property transactions in the central city.</b></li> </ul>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>• Expected market rental growth were higher (lower).</li> <li>• The occupancy changed.</li> <li>• The risk adjusted discount rate were lower (higher).</li> </ul>

The net book value of land and buildings would have been \$12.3m (2013 \$11.4m) if the depreciated original cost model had been applied. Details of property, plant and equipment pledged as security is referred to in Note 22.

## 18) Intangible Assets

	PURCHASED BRANDS	CUSTOMER DATABASES	SOFTWARE INCL DEVELOPMENT COSTS	TOTAL
	(\$m)	(\$m)	(\$m)	(\$m)
<b>Cost</b>				
Balance 1 May 2012	0.8	1.1	3.6	5.5
Additions	-	-	0.3	0.3
Additions Internally Developed	-	-	0.2	0.2
<b>Balance 30 April 2013</b>	<b>0.8</b>	<b>1.1</b>	<b>4.1</b>	<b>6.0</b>
Balance 1 May 2013	0.8	1.1	4.1	6.0
Additions	-	-	0.2	0.2
Additions Internally Developed	-	-	0.1	0.1
<b>Balance 30 April 2014</b>	<b>0.8</b>	<b>1.1</b>	<b>4.4</b>	<b>6.3</b>
<b>Amortisation and Impairment Costs</b>				
Balance 1 May 2012	-	(0.5)	(2.5)	(3.0)
Impairment	(0.5)	-	-	(0.5)
Amortisation For The Year	-	(0.1)	(0.5)	(0.6)
<b>Balance 30 April 2013</b>	<b>(0.5)</b>	<b>(0.6)</b>	<b>(3.0)</b>	<b>(4.1)</b>
Balance 1 May 2013	(0.5)	(0.6)	(3.0)	(4.1)
Impairment	-	-	-	-
Amortisation For The Year	-	(0.1)	(0.4)	(0.5)
<b>Balance 30 April 2014</b>	<b>(0.5)</b>	<b>(0.7)</b>	<b>(3.4)</b>	<b>(4.6)</b>
<b>Carrying Amounts</b>				
At 1 May 2012	0.8	0.6	1.1	2.5
<b>At 30 April 2013</b>	<b>0.3</b>	<b>0.5</b>	<b>1.1</b>	<b>1.9</b>
At 1 May 2013	0.3	0.5	1.1	1.9
<b>At 30 April 2014</b>	<b>0.3</b>	<b>0.4</b>	<b>1.0</b>	<b>1.7</b>

The L V Martin brand of \$0.3m (2013 \$0.3m) is regarded by the Directors as having an indefinite useful life as there is no foreseeable limit to the period over which the brand is expected to generate net cash flow for the Group.

The fair value of purchased brands and customer database is based on the discounted cash flows expected to be derived from the eventual sale of the assets.

### Impairment Tests For Indefinite Life Brands

On an annual basis, the recoverable amount of the L V Martin brand is determined based on value in use calculations specific to the cash generating units associated with that brand. These calculations use pre-tax cash flow projections based on financial budgets prepared by management covering a five year period. Cash flows beyond the five year period are extrapolated by way of a terminal value calculation using five year cash flow and a range of discount rates. There were no impairment losses incurred in respect of brands. The key assumptions used for the value in use calculations are as follows:

Revenue Growth Rate <b>2%</b>	(2013 2%)
Pre Tax Discount Rate <b>13-15%</b>	(2013 range of 13-15%)

The growth rates adopted are consistent with internal forecasts and budgets. The discount rate reflects the specific risks relating to the cash flow being discounted. As a result no impairment charge was recognised in the financial statements (2013 \$0.5m).

## 19) Investments Including Equity Accounted Investee

### a) Adventure Brands Limited

On 31 March 2014 the company increased its shareholding in Adventure Brands Limited from 30% to 65%. As a result the financial result along with the assets and liabilities of Adventure Brands Limited have been consolidated in these financial statements. Refer to Note 29 for details of this acquisition:

### b) Other Investments

The Group has an investment of \$0.01m in NARTA NZ Limited. NARTA NZ Limited is an appliance buying group of which the Group was one of the founding members. The Group has Board representation in this company and the Group's shareholding also provides it with voting rights. However, the Group does not consider NARTA NZ Limited to be an associate requiring accounting under the equity method. Purchases through this buying group are settled directly with the suppliers concerned on normal commercial terms as are the rebates which accrue as a result of these transactions. The Group also received income as a member from this company totalling \$0.3m for the year ended 30 April 2014 (2013 \$0.3m). The amount owing to the Group at balance date was \$0.1m (2013 \$0.1m).

## 20) Deferred Tax Assets And Liabilities

### Unrecognised Deferred Tax Assets

A deferred tax asset has been recognised in respect of the unutilised tax losses on the basis that, as referred to in Note 2 d) these exceeded approximately two years budgeted profits at that date.

	<b>GROUP</b> <b>2014</b> <b>(\$m)</b>	<b>2013</b> <b>(\$m)</b>	<b>PARENT</b> <b>2014</b> <b>(\$m)</b>	<b>2013</b> <b>(\$m)</b>
Unutilised Tax Losses	<b>6.0</b>	<b>2.7</b>	<b>6.0</b>	<b>8.7</b>
Unrecognised Deferred Tax Assets	<b>1.7</b>	<b>0.8</b>	<b>1.7</b>	<b>2.4</b>

### Recognised Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributed to the following:

	<b>ASSETS</b> <b>2014</b> <b>(\$m)</b>	<b>2013</b> <b>(\$m)</b>	<b>LIABILITIES</b> <b>2014</b> <b>(\$m)</b>	<b>2013</b> <b>(\$m)</b>	<b>NET</b> <b>2014</b> <b>(\$m)</b>	<b>2013</b> <b>(\$m)</b>
Property, Plant And Equipment	-	-	(2.0)	(1.6)	(2.0)	(1.6)
Inventory	1.0	1.1	-	-	1.0	1.1
Receivables	0.6	0.6	-	-	0.6	0.6
	<b>ASSETS</b> <b>2014</b> <b>(\$m)</b>	<b>2013</b> <b>(\$m)</b>	<b>LIABILITIES</b> <b>2014</b> <b>(\$m)</b>	<b>2013</b> <b>(\$m)</b>	<b>NET</b> <b>2014</b> <b>(\$m)</b>	<b>2013</b> <b>(\$m)</b>
Derivatives	0.1	0.1	-	-	0.1	0.1
Provisions	0.9	0.9	-	-	0.9	0.9
Tax Losses	2.4	2.2	-	-	2.4	2.2
	<b>5.0</b>	<b>4.9</b>	<b>(2.0)</b>	<b>(1.6)</b>	<b>3.0</b>	<b>3.3</b>

The company has considered the level of budgeted profits to be recognised in the calculation of the deferred tax asset. As part of this assessment the Directors have considered the likelihood of a change in shareholding and the historical performance of the company. As a result on this basis the company considers it is probable that future taxable profits will be available against which tax losses can be utilised.

### Movement In Deferred Tax Balances During The Year

	BALANCE 30 April 2012 (\$m)	MOVEMENT (\$m)	BALANCE 30 April 2013 (\$m)	MOVEMENT (\$m)	BALANCE 30 April 2014 (\$m)
Property, Plant And Equipment	(1.0)	(0.6)	(1.6)	(0.4)	(2.0)
Inventory	1.1	-	1.1	(0.1)	1.0
Receivables	0.5	0.1	0.6	-	0.6
Derivatives	0.1	-	0.1	-	0.1
Provisions	1.4	(0.5)	0.9	-	0.9
Tax Losses	2.1	0.1	2.2	0.2	2.4
	<b>4.2</b>	<b>(0.9)</b>	<b>3.3</b>	<b>(0.3)</b>	<b>3.0</b>

The movement in deferred tax on derivatives \$0.1m has been recognised in other comprehensive income.

The Group has tax losses of \$8.7m (2013 \$11.2m) and no unrecognised temporary differences. The ability to utilise these tax losses in the future depends upon the generation of sufficient assessable income, shareholder continuity and any changes in legislation.

## 21) Trade And Other Payables

	GROUP		PARENT	
	2014 (\$m)	2013 (\$m)	2014 (\$m)	2013 (\$m)
Trade Payable Due To Related Parties	<b>0.1</b>	<b>0.3</b>	-	-
Other Trade Payables	<b>18.8</b>	<b>14.9</b>	<b>0.2</b>	<b>0.1</b>
Derivatives	<b>0.3</b>	<b>0.4</b>	-	-
Non Trade Payables And Accrued Expenses	<b>6.6</b>	<b>6.8</b>	-	-
Earthquake Related Accruals	-	<b>0.2</b>	-	-
	<b>25.8</b>	<b>22.6</b>	<b>0.2</b>	<b>0.1</b>

The fair value of trade and other payables approximates their carrying value. No interest is paid on the payables.

## 22) Loans And Borrowings

The contractual terms of the Group's interest bearing loans and borrowings is set out below. Further information about the company's exposure to interest rate and foreign currency risk is set out in Note 26.

### NON CURRENT LIABILITIES

Secured Smithcorp Loans	<b>60.3</b>	<b>62.8</b>	-	-
Secured Bank Loans	<b>10.1</b>	<b>10.1</b>	-	-

### CURRENT LIABILITIES

Bank Overdraft	-	-	-	-
Secured Bank Loans	<b>12.5</b>	<b>12.3</b>	<b>3.2</b>	<b>2.8</b>

<b>TOTAL INTEREST BEARING LIABILITIES</b>	<b>82.9</b>	<b>85.2</b>	<b>3.2</b>	<b>2.8</b>
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### Terms And Debt Repayment Schedule

Terms and conditions of outstanding loans were as follows:



	NOMINAL INTEREST RATE	TERM	FACILITY (\$m)	CARRYING AMOUNT 2014 (\$m)	FACILITY (\$m)	CARRYING AMOUNT 2013 (\$m)
Senior Revolving Secured Facility	30 Day BBR plus 3%	see note (i) below	75.0	60.3	75.0	62.8
Secured Bank Loan	BKBM plus 2.6%	See note (ii) below	15.1	12.5	14.1	12.3
Secured Bank Loan	BBR plus 2.6%	see note (iii) below	12.0	10.1	12.0	10.1
Secured Bank Overdraft	11.50%	See note (iv) below	2.0	-	2.0	-
<b>Total Interest Bearing Liabilities</b>			<b>104.1</b>	<b>82.9</b>	<b>103.1</b>	<b>85.2</b>
<b>PARENT</b>						
Secured Bank Loan	BBR plus 2.6%	see note (iii) below	4.5	3.2	3.5	2.8

#### Total Interest Bearing Liabilities

- The senior revolving secured cash advance facility agreement is secured by way of fixed and floating charge over Smithcorp Finance Receivables. The loan is subject to various covenants including a capital ratio. The facility is for a period of three years and may also, subject to agreement with the lender, be extended for periods of 12 months on a rolling basis maintaining the three year term.
- The secured bank loans and bank overdraft are secured by a fixed and floating charge over all the Group's assets. The loans are also subject to various covenants and capital ratios. The current portion of secured bank loans are subject to review annually.
- The \$10.1m loan is secured by way of mortgage over the Group's Colombo Street property. This facility expires on 31 May 2015.
- There are cross guarantees between the Parent company and all subsidiaries for the senior revolving cash advance facility and secured bank loans.

## 23) Capital And Reserves

### Share Capital

At balance date the Group and Parent had issued and paid up capital of \$10.7m (2013 \$10.7m). The number of shares issued is 52,688,153 (2013 52,688,153). All shares are fully paid up and have equal voting and dividend rights. Upon winding up all shares rank equally with regard to the Group's residual assets.

### Hedging Reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. Refer also Note 26 for details of foreign currency and interest rate hedging instruments.

### Revaluation Reserve

The revaluation reserve relates to the revaluation of property, plant and equipment. Refer also Note 17.

### Other Reserves

These relate to realised capital profits on disposal of assets.

## 24) Dividends

The following dividends were declared and paid by the Group for the year ended 30 April:

	<b>Cents Per Share</b> <b>2014</b>	<b>2013</b>	<b>Total Paid</b> <b>2014</b> <b>\$m</b>	<b>2013</b> <b>\$m</b>
Interim For Year Ending 30 April 2014	<b>1.0</b>	-	<b>0.6</b>	-
Final For Year Ending 30 April 2013	<b>2.5</b>	-	<b>1.4</b>	-
Interim For Year Ending 30 April 2013	-	1.0	-	0.5
Final For Year Ending 30 April 2012	-	2.5	-	1.3
	<b>3.5</b>	3.5	<b>2.0</b>	1.8

All dividends were unimputed.

On 27 June 2014 the Directors resolved to pay a dividend of 2.5cents per share on Friday 15 August 2014 (2013 2.5cents).

## 25) Earnings Per Share

The calculation of basic earnings per share at 30 April 2014 was based on the profit attributable to ordinary shareholders of \$4.1m (2013 \$5.4m) and an average number of ordinary shares outstanding of 52,688,153 (2013 52,690,231). Basic earnings per share is the same as dilutive earnings per share as there are no ordinary shares outstanding that have any dilutive potential.

## 26) Financial Instruments

Exposure to credit, interest rate, foreign currency and liquidity risks arises in the normal course of the Group's business.

### Credit Risk

Credit risk is the risk of financial loss to the Group if a customer to a financial instrument fails to meet its contractual obligations and arises principally from the Group's trade and finance receivables.

Management has a credit policy in place under which each new customer is individually assessed for credit worthiness before credit is granted applying to trade accounts, fixed instalment agreements and/or revolving credit accounts. This includes the obtaining of deposits and ensuring adequate insurance cover is in place for items supplied on credit terms. The Group also reviews external ratings as part of this process.

There are levels of authorisation for granting credit within the Group. These are allocated to the credit officers or the head of the credit team. Larger loans and facilities require approval by the Managing Director, Chief Financial Officer or in some cases, the General Managers.

In order to determine which customers are classified as having payment difficulties, the Group applies a mix of duration and frequency of default. The Group does require collateral in respect of the finance receivables being the goods themselves and if considered necessary will register a security interest against them.

Categories are utilised by the Group to classify exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. Categories are used to determine where impairment allowances are required.

The credit risk framework consists of the following categories reflecting varying degrees of risk of default and the availability of collateral or other risk mitigation. Categories are also subject to regular reviews by the credit team.

<b>Credit Risk Category</b>		<b>Description</b>
Current	Low risk	Compliance with all terms
In arrears	Fair risk	Non compliance but follow up action underway
Arrangement	Low/fair risk	Non compliance but a payment plan in place
Insurance Claim	Low/fair risk	Non compliance but account insured
Collection/Repossession	Impaired	Action being taken to enforce security
Legal Action	Impaired	Action being taken to enforce security

Regular external audits of finance receivables are to be undertaken for the financier of the ledger. All credit policies and procedures are subject to review by the Audit Committee who also receive quarterly reports on the ledgers, arrears levels and impairment losses.

The Group's exposure to credit risk is mainly influenced by its customer base. As such it is concentrated to the default risk of the retail sector in New Zealand. There are no individually significant exposures to any one customer or group of related customers. There are no significant related party finance receivables.

Investments are allowed only in liquid securities and only with counterparties that have an investment grade rating. In addition the Group has established counterparty limits for investments and derivatives depending on their rating. Transactions involving derivative financial instruments are with counterparties who have sound credit ratings.

### **Liquidity Risk**

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity risk on an ongoing basis. Day to day funding requirements and future cash flows are monitored to ensure requirements can be met. In general, the Group generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover shortfalls. Furthermore the Group maintains strong bank relationships and committed bank credit facilities.

### **Market Risk**

The Group enters into derivative arrangements in the ordinary course of business to manage foreign currency and interest rate risks. The Board of Directors provides oversight for risk management and derivative activities. This includes determining the Group's financial risk policies and objectives, guidelines for derivative instrument utilisation, procedures for control and valuation, risk analysis, counterparty credit approval and ongoing monitoring and reporting.

### **Foreign Currency Risk**

The Group is exposed to foreign currency risks on purchases that are denominated in a currency other than the company's functional currency, New Zealand Dollars (\$) which is the presentation currency of the Group. The overseas currency in which transactions are denominated is US Dollars (USD). The Group hedges up to 100% of its estimated foreign currency exposure in respect of forecasted purchases over the following 12 months. The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year at the balance sheet date.

### **Interest Rate Risk**

The Group has a policy of ensuring that interest rate exposure on term borrowings (or core debt) shall be fixed forward for 12 months for a minimum of 50% of total exposure and up to a maximum of 100%.

Interest rate exposure on Smithcorp Finance Limited borrowings is to be fixed forward to mirror the profile of the receivables portfolio for those receivables whose interest rate is fixed at the point the contract is originated. The minimum exposure of these receivables hedged is 75% up to a maximum of 100%.

Based on independent advice received monthly, interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the Group's policy for both its core debt and Smithcorp Finance Limited.

#### Other Market Price Risks

The Group is not exposed to substantial other market price risk arising from financial instruments.

### QUANTITATIVE DISCLOSURES

#### Credit Risk

The carrying amount of financial assets represents the Group's maximum credit exposure. The Group's material credit risk arises from finance receivables. The Group has not renegotiated the term of any financial assets which would result in the carrying amount no longer being past due or avoid a possible past due status. The Group has no restructured financial assets. The status of trade and finance receivables at reporting date is as follows:

#### Trade Receivables

Trade receivables comprise sales made to customers on credit through the Group's trades based businesses or through the collection of purchasing volume or advertising rebates from suppliers not otherwise deducted from suppliers payable accounts.

	GROSS RECEIVABLE 2014 (\$m)	IMPAIRMENT 2014 (\$m)	GROSS RECEIVABLE 2013 (\$m)	IMPAIRMENT 2013 (\$m)
Not Past Due	4.0	-	3.5	-
Past Due 0-30 Days	0.7	-	0.4	-
Past Due 31-60 Days	0.3	-	0.1	-
Past Due Over 61 Days	1.4	(0.1)	0.6	(0.1)
	6.4	(0.1)	4.6	(0.1)
ANALYSIS				
Trade Receivables – Trades Based Customers	0.8	-	0.9	-
Other Receivables Including Monthly Account Customers	5.6	(0.1)	3.7	(0.1)
	6.4	(0.1)	4.6	(0.1)

Individually impaired trade receivables relate to delinquent customers. In the case of delinquency the Group writes off the receivable unless there is clear evidence that a receipt is highly probable.

#### Fixed Instalment Receivables

	ACCOUNT BALANCE %	2014 ACCOUNT BALANCE (\$m)	IMPAIRMENT (\$m)	ACCOUNT BALANCE %	2013 ACCOUNT BALANCE (\$m)	IMPAIRMENT (\$m)
Current	87.8	45.8	-	91.1	52.0	-
1 Month Overdue	5.7	3.0	-	3.3	1.9	-
2 Month Overdue	1.9	1.0	-	1.6	0.9	-
3 Month Overdue	0.7	0.3	-	0.6	0.4	-
Over 3 Month Overdue	3.9	2.0	(0.8)	3.4	1.9	(0.9)
	100.0	52.1	(0.8)	100.0	57.1	(0.9)

### Revolving Credit Receivables (Excluding Receivables Due From Adventure Brands)

	ACCOUNT BALANCE %	2014 ACCOUNT BALANCE (\$m)	IMPAIRMENT (\$m)	ACCOUNT BALANCE %	2013 ACCOUNT BALANCE (\$m)	IMPAIRMENT (\$m)
Current	73.9	15.8	-	73.2	14.7	-
1 Month Overdue	15.8	3.3	-	15.7	3.1	-
2 Month Overdue	5.2	1.1	-	5.0	1.0	-
3 Month Overdue	1.4	0.3	-	1.9	0.4	-
Over 3 Month Overdue	3.7	0.7	(0.5)	4.2	0.9	(0.5)
	100.0	21.2	(0.5)	100.0	20.1	(0.5)

### Impaired Finance Receivables

Impaired finance receivables are those for which the Group determines that there is objective evidence that it will be unable to collect all principal and interest due according to the contractual terms of the loan agreement. These loans are treated as subject to collection, repossession or legal action in the Group's internal credit risk grading system.

### Past Due But Not Impaired

Finance receivables where contractual interest or principal repayments are past due but the Group believes that impairment is not appropriate based on the stage of collection of amounts owed to the Group or the level of security/collateral available. These loans are treated as under arrangement.

### Allowances for Impairment

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in its finance receivables portfolio. The main component of this allowance is a specific loss component that relates to individual exposures which is identified on loans subject to individual assessment for impairment.

### Write Off Policy

The Group writes off a receivable (and any related allowances for impairment losses) when management determines that the loan is uncollectible. This determination is reached after collection procedures have proved unsuccessful, the occurrence of significant changes in borrowers position such that the borrower can no longer pay the obligation, or that the proceeds from the collateral and/or insurance claim will not be sufficient to pay back the entire obligation.

### Collateral

The Group is able to repossess goods supplied on all its consumer loans and in certain cases holds registered security interests and guarantees.

### Impaired Assets Provision

	2014				2013			
	TRADE RECEIVABLES (\$m)	FIXED INSTALMENT RECEIVABLES (\$m)	REVOLVING CREDIT RECEIVABLES (\$m)	TOTAL (\$m)	TRADE RECEIVABLES (\$m)	FIXED INSTALMENT RECEIVABLES (\$m)	REVOLVING CREDIT RECEIVABLES (\$m)	TOTAL (\$m)
<b>Impaired Assets Provision</b>								
Opening Balance	0.1	0.8	0.5	1.4	0.1	0.8	0.5	1.4
Movement In Provision For Impairment	-	-	-	-	-	-	-	-
<b>Closing Balance</b>	<b>0.1</b>	<b>0.8</b>	<b>0.5</b>	<b>1.4</b>	<b>0.1</b>	<b>0.8</b>	<b>0.5</b>	<b>1.4</b>
<b>Impaired Asset Expense</b>								
Impairment Charges On Uncollectable Accounts	-	0.4	0.2	0.6	-	0.4	0.3	0.7
Recoveries From Accounts Previously Written Off	-	(0.1)	-	(0.1)	-	(0.1)	-	(0.1)
<b>Impaired Assets Charge Included In Store And Distribution Expenses</b>	<b>-</b>	<b>0.3</b>	<b>0.2</b>	<b>0.5</b>	<b>-</b>	<b>0.3</b>	<b>0.3</b>	<b>0.6</b>

## LIQUIDITY RISK

The following table sets out the contractual cash flows for all financial assets, liabilities and derivatives that are settled on a gross cash flow basis. Note the table below excludes inventory.

### Residual Contractual Maturities Of Financial Assets And Liabilities

	BALANCE SHEET (\$m)	CONTRACTUAL CASH FLOWS (\$m)	6 MTHS OR LESS (\$m)	6-12 MTHS (\$m)	1-2 YRS (\$m)	MORE THAN 2 YRS (\$m)
<b>GROUP 2014</b>						
<b>Non Derivative Assets</b>						
Cash And Cash Equivalents	2.9	2.9	2.9	-	-	-
Trade And Other Receivables	12.2	12.2	12.2	-	-	-
Fixed Instalment Receivables	51.3	88.2	22.1	21.3	31.4	13.4
Revolving Credit Receivables*	20.7	63.3	3.7	3.5	6.4	49.7
Related Party Receivables	-	-	-	-	-	-
<b>Total Non Derivative Assets</b>	<b>87.1</b>	<b>166.6</b>	<b>40.9</b>	<b>24.8</b>	<b>37.8</b>	<b>63.1</b>
* Note based on minimum repayment profile of these receivables.						
<b>Non Derivative Liabilities</b>						
Bank Overdrafts	-	-	-	-	-	-
Secured Bank Loans	(22.6)	(24.0)	(0.6)	(0.6)	(22.8)	-
Smithcorp Finance Borrowings	(60.3)	(69.2)	(1.5)	(1.5)	(3.1)	(63.1)
Trade And Other Payables	(25.8)	(25.8)	(25.8)	-	-	-
<b>Total Non Derivative Liabilities</b>	<b>(108.7)</b>	<b>(119.0)</b>	<b>(27.9)</b>	<b>(2.1)</b>	<b>(25.9)</b>	<b>(63.1)</b>
Interest Rate Swaps – Out Flow	-	-	-	-	-	-
Forward Exchange Contracts – Out Flow	(0.3)	(0.3)	(0.2)	(0.1)	-	-
<b>TOTAL</b>	<b>(21.9)</b>	<b>47.3</b>	<b>12.8</b>	<b>22.6</b>	<b>11.9</b>	<b>-</b>
<b>GROUP 2013</b>						
<b>Non Derivative Assets</b>						
Cash And Cash Equivalents	1.4	1.4	1.4	-	-	-
Trade And Other Receivables	9.1	9.1	9.1	-	-	-
Fixed Instalment Receivables	56.2	96.3	24.2	23.4	35.1	13.6
Revolving Credit Receivables	19.6	59.9	3.5	3.3	6.1	47.0
Related Party Receivables	1.0	1.0	1.0	-	-	-
<b>Total Non Derivative Assets</b>	<b>87.3</b>	<b>167.7</b>	<b>39.2</b>	<b>26.7</b>	<b>41.2</b>	<b>60.6</b>
<b>Non Derivative Liabilities</b>						
Bank Overdrafts	-	-	-	-	-	-
Secured Bank Loans	(22.3)	(23.5)	(2.7)	(0.5)	(20.3)	-
Smithcorp Finance Borrowings	(62.8)	(71.4)	(1.5)	(1.5)	(2.9)	(65.5)
Trade And Other Payables	(22.6)	(22.6)	(22.6)	-	-	-
<b>Total Non Derivative Liabilities</b>	<b>(107.7)</b>	<b>(117.5)</b>	<b>(26.8)</b>	<b>(2.0)</b>	<b>(23.2)</b>	<b>(65.5)</b>
Interest Rate Swaps – Out Flow	(0.1)	(0.1)	-	-	(0.1)	-
Forward Exchange Contracts – Out Flow	(0.3)	(0.3)	(0.2)	(0.1)	-	-
<b>TOTAL</b>	<b>(20.8)</b>	<b>49.8</b>	<b>12.2</b>	<b>24.6</b>	<b>17.9</b>	<b>(4.9)</b>

The residual contractual maturities of Parent financial assets and liabilities are six months or less with the exception of secured loans which are between one and two years.

The contractual maturity of financial assets and liabilities is shown above. However, the Group's expected cash flows on these instruments, specifically fixed instalment receivables, vary significantly from their contractual cash flows.

#### Expected Maturities Of Financial Assets And Liabilities

	BALANCE SHEET (\$m)	6 MTHS OR LESS (\$m)	6-12 MTHS (\$m)	1-2 YRS (\$m)	MORE THAN 2 YRS (\$m)
<b>GROUP 2014</b>					
Fixed Instalment Receivables	51.3	23.8	11.2	12.0	4.3
<b>GROUP 2013</b>					
Fixed Instalment Receivables	56.2	26.6	12.1	13.0	4.5

The only expected difference in maturity is in relation to receivables.

#### FOREIGN CURRENCY RISK

The Group's exposure to foreign currency risk can be summarised as follows:

	AVERAGE EXCHANGE RATE 2014	AVERAGE EXCHANGE RATE 2013	FOREIGN CURRENCY 2014 (\$m)	FOREIGN CURRENCY 2013 (\$m)	CONTRACT VALUE 2014 (\$m)	CONTRACT VALUE 2013 (\$m)	FAIR VALUE 2014 (\$m)	FAIR VALUE 2013 (\$m)
<b>Outstanding Contracts</b>								
Buy US Dollars								
Less Than 3 Months	0.79	0.80	1.6	2.0	2.1	2.5	(0.14)	(0.15)
3-6 Months	0.80	0.80	1.4	1.6	1.7	1.9	(0.09)	(0.10)
6-12 Months	0.81	0.81	1.3	1.6	1.6	1.9	(0.05)	(0.10)
							(0.28)	(0.35)

The Group has no significantly unhedged foreign currency exposures.

None of the above financial instruments relate to the parent entity. The value of forward exchange contracts outstanding are recognised in trade and other payables. Cash flow hedge accounting has been adopted.

#### INTEREST RATE RISK

##### Interest Rate Swap Contracts

Under the interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on debt held. The fair value of interest rate swaps are based on market values of equivalent instruments at reporting date.

	AVERAGE CONTRACT FIXED INTEREST RATE 2014	AVERAGE CONTRACT FIXED INTEREST RATE 2013	NOTIONAL PRINCIPAL AMOUNT 2014 (\$m)	NOTIONAL PRINCIPAL AMOUNT 2013 (\$m)	FAIR VALUE 2014 (\$m)	FAIR VALUE 2013 (\$m)
<b>Outstanding Contracts</b>						
Variable Rate For Fixed Contracts						
Less Than 1 Year	<b>2.90%</b>	2.95%	<b>6.0</b>	7.7	-	-
1-2 Years	<b>3.18%</b>	2.94%	<b>6.0</b>	12.0	<b>0.04</b>	(0.10)
More Than 2 Years	<b>3.69%</b>	2.92%	<b>63.4</b>	49.5	<b>(0.04)</b>	-
			<b>75.4</b>	69.2	-	(0.10)

In the current and prior financial year the above financial instruments relate to a subsidiary entity. The value of interest rate swaps outstanding are recognised in trade and other payables. Hedge accounting has been adopted.

### Interest Rate Risk – Repricing Analysis

The table below summarises the Group's exposure to interest rate risks. It includes the Group's financial instruments at carrying amounts categorised by the earlier of their contractual repricing or expected maturity dates.

Note – the interest rate on fixed instalment receivables is fixed at the time the contract is entered into and is not repriced thereafter. Hence they are not included in the tables below.

	VARIABLE INTEREST RATE	6 MTHS OR LESS (\$m)	6-12 MTHS (\$m)	1-2 YRS (\$m)	MORE THAN 2 YRS (\$m)	NON INTEREST BEARING (\$m)	TOTAL (\$m)
<b>GROUP 2014</b>							
<b>Financial Assets</b>							
Cash And Cash Equivalents	<b>2.5-3.2%</b>	<b>2.9</b>	-	-	-	-	<b>2.9</b>
Trade And Other Receivables		-	-	-	-	<b>12.2</b>	<b>12.2</b>
Revolving Credit Receivables	<b>23.95%</b>	<b>20.7</b>	-	-	-	-	<b>20.7</b>
		<b>23.6</b>	-	-	-	<b>12.2</b>	<b>35.8</b>
<b>Financial Liabilities</b>							
Bank Overdraft	<b>10.90%</b>	-	-	-	-	-	-
Trade, Other Payables And Provisions	-	-	-	-	-	<b>(25.8)</b>	<b>(25.8)</b>
Fixed Instalment And Revolving Credit Receivables Borrowings	<b>BBR plus 3.0%</b>	<b>(60.3)</b>	-	-	-	-	<b>(60.3)</b>
Secured Loans	<b>BKBM plus 1.3-2.6%</b>	-	<b>(12.5)</b>	<b>(10.1)</b>	-	-	<b>(22.6)</b>
Effect Of Interest Rate Derivatives		<b>75.5</b>	<b>(21.3)</b>	<b>(19.3)</b>	<b>(34.9)</b>	-	-
		<b>15.2</b>	<b>(33.8)</b>	<b>(29.4)</b>	<b>(34.9)</b>	<b>(25.8)</b>	<b>(108.7)</b>
<b>TOTAL</b>		<b>38.8</b>	<b>(33.8)</b>	<b>(29.4)</b>	<b>(34.9)</b>	<b>(13.6)</b>	<b>(72.9)</b>

\* Derivatives of \$6,000 extend to 18 months, \$3,000 to four years; \$20,000 to three years.



	VARIABLE INTEREST RATE	6 MTHS OR LESS (\$m)	6-12 MTHS (\$m)	1-2 YRS (\$m)	MORE THAN 2 YRS (\$m)	NON INTEREST BEARING (\$m)	TOTAL (\$m)
<b>GROUP 2013</b>							
<b>Financial Assets</b>							
Cash And Cash Equivalents	3.1%	1.4	-	-	-	-	1.4
Trade And Other Receivables	-	-	-	-	-	9.1	9.1
Revolving Credit Receivables	23.95%	19.6	-	-	-	-	19.6
Related Party Receivables	BBR Plus 2.75%	0.9	-	-	-	-	0.9
		<b>21.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9.1</b>	<b>31.0</b>
<b>Financial Liabilities</b>							
Bank Overdraft	10.50%	-	-	-	-	-	-
Trade, Other Payables And Provisions	-	-	-	-	-	(22.6)	(22.6)
Fixed Instalment And Revolving Credit Receivables Borrowings	BBR Plus 5.21%	(62.8)	-	-	-	-	(62.8)
Secured Loans	BKBM Plus 1.3-2.6%	(2.2)	(10.0)	(10.1)	-	-	(22.3)
Effect Of Interest Rate Derivatives		69.2	(30.9)	(20.0)	(18.3)	-	-
		<b>4.2</b>	<b>(40.9)</b>	<b>(30.1)</b>	<b>(18.3)</b>	<b>(22.6)</b>	<b>(107.7)</b>
<b>TOTAL</b>		<b>26.1</b>	<b>(40.9)</b>	<b>(30.1)</b>	<b>(18.3)</b>	<b>(13.5)</b>	<b>(76.7)</b>

\* Derivatives of \$8,200 extend to 12 months.

The Parent's financial instruments have contractual repricing within six months or are non interest bearing.

### Capital Management

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

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders funds is also recognised and the Group recognises the need to maintain a balance between the higher returns that may be possible with greater gearing and the advantages and security afforded by a sound capital position.

Other than covenants and capital ratios as referred to in Note 22 the Group is not exposed to any externally imposed capital requirements.

The allocation of capital between its specific business segment operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The process of allocating capital to specific business segment operations and activities is undertaken independently of those responsible for the operation.

The Group's responsibilities in respect of capital management and allocation are reviewed regularly by the Board of Directors. There have been no material changes in the Group's management of capital during the period.

### HEDGING

#### Interest Rate Hedges

The Group has a policy of ensuring that interest rate exposure on term borrowings excluding Smithcorp Finance Limited (or core debt) shall be fixed forward on a rolling 12 months basis for a minimum of 50% of total exposure and up to a maximum of 100%.

Interest rate exposure on Smithcorp Finance Limited borrowings is to be fixed forward to mirror the profile of the receivables portfolio for those receivables whose interest rate is fixed at the point the contract is originated. The minimum exposure of these receivables hedged is 75% up to a maximum of 100%.

Interest rate swaps have been entered into to achieve an appropriate mix of exposure within the Group's policy. The swaps mature over the next four years and have fixed swap rates ranging from 2.9% to 4.61% (2013 2.95% to 3.18%). At 30 April 2014 the Group had interest rate swaps with a notional contract amount of \$75.4m (2013 \$69.2m) including Smithcorp Finance Limited of \$60.5m (2013 \$49.5m). The Group classifies interest rate swaps as cash flow hedges.

The net fair value of swaps at 30 April 2014 was \$nil (2013 \$0.07m) comprising assets of \$0.01m (2013 \$nil) and liabilities of \$0.01m (2013 \$0.07m). The interest rate used to calculate the fair value of swaps at 30 April 2014 ranges between 3.37% and 4.45%.

#### Forecast Transactions

The Group classifies its forward exchange contracts hedging forecast transactions as cash flow hedges. The net fair value of forward exchange contracts used as hedges of forecast transactions at 30 April 2014 was (\$0.3m) (2013 \$0.3m) comprising assets of \$nil (2013 \$nil) and liabilities of \$0.3m (2013 \$0.3m). The exchange rate used to calculate the fair value of forward exchange contracts at 30 April 2014 was US\$0.8565 (2013 US\$0.8552).

#### Accounting Classifications And Fair Values

The Group's classification of each class of financial assets and their fair values is set out below. Note that the only instruments designated at fair value are the derivative financial instruments. The derivatives are classified as Level 2 in the fair value hierarchy and there has been no movement between levels of fair value hierarchy during the year ended 30 April 2014.

The Group's classification of each class of financial assets and liabilities is as follows:

- Classified at fair value – derivatives.
- Classified as loans and receivables – all other financial assets.
- Classified as other liabilities – all other financial liabilities.

Note that the fair value of the Group's financial assets and liabilities is not considered to be materially different to their carrying value.

#### Interest Rates Used for Determining Fair Value

The following interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the reporting date plus an appropriate constant credit spread:

	GROUP	
	2014	2013
Derivatives Held For Risk Management	2.9% - 4.61%	2.95% – 3.18%

#### Financial Instrument Carried At Fair Value

#### Fair Value Hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation

techniques used. The different levels are defined as follows:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

**Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** unobservable inputs for the asset or liability.

30 April 2014

	Level 1	Level 2	Level 3	Total
<b>Other Investments, Including Derivatives (Non Current):</b>				
Interest Rate Swaps Used For Hedging	-	0.04	-	0.04
Other Investments, Including Derivatives (Current):	-	-	-	-
<b>TOTAL FINANCIAL ASSETS CARRIED AT FAIR VALUE</b>	<b>-</b>	<b>0.04</b>	<b>-</b>	<b>0.04</b>
<b>Trade and Other Payables (Non Current):</b>				
Interest Rate Swaps Used For Hedging	-	(0.04)	-	(0.04)
<b>Trade and Other Payables (Current):</b>				
Forward Exchange Contracts Used For Hedging	-	(0.30)	-	(0.30)
<b>TOTAL FINANCIAL LIABILITIES CARRIED AT FAIR VALUE</b>	<b>-</b>	<b>(0.34)</b>	<b>-</b>	<b>(0.34)</b>

Level 2 fair values for simple over the counter derivative financial instruments are based on observable market data which is tested for reasonableness and which reflects the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

The fair value of forward exchange contracts is determined using forward exchange rates at the period end date with the resulting value discounted back to present value.

### Interest Rate Sensitivity

The Group's sensitivity to interest rate risk can be expressed in two ways:

#### 1. Fair Value Sensitivity Analysis

A change in interest rates impacts the fair value of the Group's fixed rate assets and liabilities and its interest rate swaps. Fair value changes impact on profit or loss or equity only where the instruments are carried at fair value. Accordingly, the fair value sensitivity to a 100 basis point movement in interest rates (based on the assets and liabilities held at balance date) is as follows:

	GROUP		GROUP		PARENT		PARENT	
	2014	2014	2013	2013	2014	2014	2013	2013
	Impact On	Impact On	Impact On	Impact On	Impact On	Impact On	Impact On	Impact On
	Profit Or	Equity	Profit Or	Equity	Profit Or	Equity	Profit Or	Equity
	Loss	-1%	Loss	-1%	Loss	-1%	Loss	-1%
	+1%		+1%		+1%		+1%	
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Derivatives	0.7	(0.7)	0.7	(0.7)	-	-	-	-

The fair value sensitivity to movements greater or less than the 100 basis point movement above approximates to a multiple of the impact stated above – i.e: a 200 point movement would double these figures.

#### 2. Cash Flow Sensitivity Analysis

A change in interest rates would also impact on interest payments and receipts on the Group's floating rate assets and liabilities. Accordingly, the one year cash flow sensitivity to a 100 basis point movement in interest rates (based

on assets and liabilities held at balance date) is as follows:

	GROUP		GROUP		PARENT		PARENT	
	2014	2014	2013	2013	2014	2014	2013	2013
	Impact On	Impact On	Impact On	Impact On	Impact On	Impact On	Impact On	Impact On
	Profit Or	Equity	Profit Or	Equity	Profit Or	Equity	Profit Or	Equity
	Loss	-1%	Loss	-1%	Loss	-1%	Loss	-1%
	+1%		+1%		+1%		+1%	
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
Cash And Cash Equivalents	0.01	(0.01)	-	-	0.01	(0.01)	0.02	(0.02)
Related Party Receivables	-	-	0.01	(0.01)	-	-	-	-
Bank Overdraft	-	-	-	-	-	-	-	-
Related Party Receivables Borrowings	-	-	-	-	-	-	-	-
Finance Receivables Borrowings	(0.6)	0.6	(0.63)	0.63	-	-	-	-
Secured Loans	(0.23)	0.23	(0.22)	0.22	(0.03)	0.03	(0.02)	0.02

- Note that trade and other receivables are all denominated in NZ\$ and are non interest bearing.
- Note that as finance receivables are calculated at amortised cost using their effective interest rate the sensitivity is based on variations against the effective interest rate and not the interest rate the customer would pay in accordance with the contract itself.
- Note that accounts payable are all denominated in NZ\$ and are non interest bearing.

## 27) Related Party Transactions

Note 28 identifies all material trading companies within the Group, Note 19 identifies the investment in an appliance buying group of which the Group is a shareholder. All of these companies are related parties to the Parent. Other than as identified below, there are no other related parties with whom material transactions have taken place.

### RENTAL INCOME

During the year Smiths City Properties Limited received rental income of \$1.1m (2013 \$1.1m) from Smiths City (Southern) Limited, a fellow subsidiary company of the parent. This rental transaction is conducted on an arms length basis.

### MANAGEMENT CONTRACT (GROUP AND PARENT)

Smiths City Group Limited entered into a management contract dated 1 November 2011 with Retail Management Services 2000 Limited to provide the services of Richard Hellings as Managing Director for a period to 31 October 2015 (having been extended by one year from 2014) with an annual retainer of \$0.4m from 1 November 2011 plus an estimated annual incentive based on profit plus the use of a motor vehicle and annual health premiums with an estimated cost of \$0.02 per annum. This contract was based on independent expert advice.

### INFORMATION TECHNOLOGY SERVICES

The company has an existing contract dating from 1 November 2009 with Datacom Group Limited of which Craig Boyce (Chairman of Smiths City Group Limited), is Chairman, and John Holdsworth, formerly a Director and a shareholder, has a beneficial ownership to provide information technology outsourcing services for the computer hardware and software facilities of the company. This contract was approved at the 2012 Annual Meeting for a

further period of three years. The transactions with Datacom Group Limited are completed on a commercial arms length basis within the Managing Director's delegated powers. Purchases for the year were \$0.8m (2013 \$1.1m). The amount owing to Datacom Group Limited at balance date was \$0.1m (2013 \$0.2m).

#### **ADVENTURE BRANDS**

The Group has increased its 30% holding in Adventure Brands Limited to 65% on 31 March 2014. Purchases for the year were \$1.1m (2013 \$1.3m). The amount owing at year end was \$0.3m (2013 \$0.1m). At balance date a wholly owned subsidiary of the Group had advanced \$1.86m to Adventure Brands Limited (2013 \$1.09m). The advance is a revolving credit facility entered into on an arms length basis at a weighted average interest rate of 6.6% (2013 5.40%) per annum and is secured over stock funded by the facility and certain debtors of Adventure Brands Limited.

#### **NARTA NZ LIMITED**

Refer Note 19.

#### **KEY MANAGEMENT PERSONNEL COMPENSATION**

Key management personnel compensation including Directors comprised short term employee benefits of \$1.9m (2013 \$1.8m).

## **28) Subsidiary Companies**

Except for Adventure Brands Limited the material trading subsidiary companies, all with balance dates of 30 April and all are wholly owned included in the consolidated accounts as at 30 April 2014 are as follows:

#### **TRADING**

- Smiths City (Southern) Limited - retail
- Smiths City Properties Limited - property
- Smithcorp Finance Limited - finance
- SCG Finance Limited – finance
- Adventure Brands Limited – 65% owned bicycle distributors

Except for Adventure Brands Limited all Directors of Smiths City Group Limited are also Directors of the Trading subsidiaries. The Directors of Adventure Brands Limited include Mr R Hellings.

## **29) Acquisition of Subsidiary Company**

The purchase of a further 35% shareholding in Adventure Brands Limited as at 31 March 2014 brought the Group's shareholding to 65%.

This acquisition has resulted in the Group obtaining control of Adventure Brands Limited and the company has been consolidated in these financial statements. There were no acquisition costs incurred.

The acquisition has the following effect on the consolidated financial position in the 2014 year:

	<b>2014</b>
	<b>(\$m)</b>
Current Assets	2.8
Non Current Assets	0.4
Current Liabilities	(2.0)
	1.2
Less Non Controlling Interest	(0.4)
<b>Net Assets Acquired</b>	<b>0.8</b>
Being:	
Operating Assets	1.2
Less Non Controlling Interest	(0.4)
<b>Consideration</b>	<b>0.8</b>

The primary reason for the acquisition was due to the exit from the company of a shareholder and the Group's desire to retain the distribution channel for Bauer bicycles through its retail stores in New Zealand.

The Group has agreed to pay the former shareholder over the next two years additional consideration calculated as a percentage of the increase in net assets if the acquiree's net assets increase over this period. The Group has not included any contingent consideration related to the additional consideration on the basis it is too early to determine if the performance over the next two years will result in an increase in the net assets.

The consideration paid for the stepped acquisition when considered with the carrying value of the investment at date of acquisition was \$0.6m. The fair value of the 30% shareholding compared to this resulted in no material gain or loss being taken to the Income Statement. The fair value of the combined shareholding of 65% when compared to the consideration paid for the additional 35% also resulted in no goodwill recognised nor any material gain being taken to the Income Statement. The outcome of the stepped acquisition was to acquire the controlling interest at a value equal to the fair value of the assets at the date of acquisition being as at 31 March 2014. Sales since acquisition date if the acquisition had occurred at the start of the year are \$3.8m (2013 \$4.5m) and the loss for the year before abnormal items was \$0.3m (2013 \$0.1m loss).

The carrying value of the investment at 30 April 2013 was \$0.48m before the acquisition of the additional 35%. The consideration was equivalent to the fair value of the net assets acquired at date of acquisition.

Smiths City Group Limited also earns third party royalties of \$0.06m (2013 \$0.05m) on sales of Bauer bicycles in New Zealand from Adventure Brands Limited and Australia from a third party distributor. The Bauer brand itself is owned by Smiths City Group Limited and is distributed by Adventure Brands Limited to selected retailers in New Zealand including Smiths City.

### 30) Operating Leases

Non cancellable operating lease rentals are payable as follows:

	GROUP		PARENT	
	2014 (\$m)	2013 (\$m)	2014 (\$m)	2013 (\$m)
Less Than 1 Year	12.4	11.3	-	-
Between 1-5 Years	25.3	16.6	-	-
More Than 5 Years	4.9	0.5	-	-
	42.6	28.4	-	-

The Group leases the majority of its stores under operating leases apart from Colombo Street which is owned. The leases typically run for between two to nine years with options to renew the leases after that date. Note, however, that during the year ended 30 April 2013 there were a number of property leases due for renewal within the next 12 months. These were subsequently renewed which had the impact of increasing the lease obligations. As at 30 April 2014 the total was \$40.2m. Lease payments are increased every three years to reflect either market rentals or in some cases CPI increases. The Group leases the majority of its motor vehicle fleet under operating leases.

The parent company Smiths City Group Limited has also guaranteed the operating leases on certain properties on behalf of subsidiaries.

### 31) Capital Commitments

The value of capital commitments at 30 April 2014 was \$2.7m (2013 \$0.4m). The Group previously indicated it intends to complete the repair of the Colombo Street property. Stage 1 has been completed and the store was reopened in November 2011. This property is fully insured. Stage 2 of the project, the first part of which is to complete the repairs, has commenced.

The estimated cost of this part of the project is \$3.4m. Costs to date capitalised into fixed assets total \$1.0m. The Group has contractually committed to this work.

The Group has entered into an Agreement to Lease a property in Rotorua Central for an initial term of seven years which commences on or before 31 October 2014. The initial cost of store fit out is estimated to be \$0.3m.

### 32) Contingent Liabilities

The Group has no contingent liabilities at 30 April 2014 (2013 \$nil). As at 30 April 2014 the Parent company no longer has any guarantee for borrowings by Adventure Brands Limited from ANZ Bank New Zealand Limited (2013 \$0.4).

### 33) Events Subsequent To Balance Date

On 27 June 2014 the Directors resolved to pay a dividend of 2.5cents per share on Friday 15 August 2014 (2013 2.5cents).

### **34) Restatement Of Prior Period**

The Group has reviewed the accounting processes adopted on transition to NZ IFRS in light of current guidance and has revised its process on the treatment of unearned finance revenue.

The impact of this revised process is that the reported net finance receivables value has reduced by \$6.0m as at 1 May 2012. There has been minimal impact on reported profit in either the 2013 or 2014 financial years as the restatement reflects a change in the historical accounting process which is recorded as a reduction in opening equity at 1 May 2012 of \$6.0m.





## Independent auditor's report

### To the shareholders of Smiths City Group Limited

#### Report on the company and group financial statements

We have audited the accompanying financial statements of Smiths City Group Limited ("the company") and the group, comprising the company and its subsidiaries, on pages 11 to 51. The financial statements comprise the statements of financial position as at 30 April 2014, the income statements and statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, for both the company and the group.

#### *Directors' responsibility for the company and group financial statements*

The directors are responsible for the preparation of company and group financial statements in accordance with generally accepted accounting practice in New Zealand and International Financial Reporting Standards that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of company and group financial statements that are free from material misstatement whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these company and group financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the company and group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company and group financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company and group's preparation of the financial statements that give a true and fair view of the matters to which they relate 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 company and group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm has also provided other services to the company and group in relation to other assurance services. Subject to certain restrictions, partners and employees of our firm may also deal with certain subsidiaries within the group on normal terms within the ordinary course of trading activities of the business of those subsidiaries within the group. These matters have not impaired our independence as auditor of the company and group. The firm has no other relationship with, or interest in, the company and group.



### ***Opinion***

In our opinion the financial statements on pages 11 to 51:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of the company and the group as at 30 April 2014 and of the financial performance and cash flows of the company and the group for the year then ended.

### **Report on other legal and regulatory requirements**

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by Smiths City Group Limited as far as appears from our examination of those records.

4 July 2014  
Christchurch

# Governance Report

The Board of Directors of Smiths City Group Limited acknowledges the need for the highest standards of Corporate Governance practice and ethical conduct. The Group's Corporate Governance processes are consistent with the NZX Corporate Governance Best Practice Code.

## Role Of The Board Of Directors

The Board is appointed by shareholders to govern the company in their interests and is responsible for the proper direction and control of the company's activities. Being responsible for the overall stewardship of the company the Board has particular focus on:-

- Commercial Performance and Strategy Development
- Financial and Dividend Policies including preparation of annual financial statements
- Identification and Control of Business Risks
- Internal Control Systems
- Compliance with New Zealand laws, regulations, the listing rules (including continuous disclosure regime), professional standards and contractual obligations
- Business Plans and Budgets
- Delegations of Authority
- Identification and Control of Business Opportunities
- Integrity of Management Information Systems
- Reports to Shareholders and other key Stakeholders

The Board has delegated day to day management of the company to the Managing Director and other executives of the company. Operational and administrative policies relative to the company's business are in place and the company has an internal audit system for monitoring the company's operational policies and practices.

The Chairman and Managing Director determine the

agenda for Board meetings. On a monthly basis, the Board receives operational reports summarising the company's activities including key performance indicators. In addition, the Board receives regular briefings from the management team on key strategic and performance issues either as part of regular Board meetings or in specific briefing sessions.

## Board Composition

The Board currently comprises five Directors including the Chairman and the Managing Director of the Group.

The company's constitution sets out policies and procedures on the operation of the Board including the appointment and removal of Directors. The NZX Listing Rules and the company's constitution provide that a minimum of three Directors is required, of whom at least two shall be independent. Currently the Board comprises five Directors, being Non-Executive Chairman, the Managing Director and three independent non-Executive Directors.

The Board acknowledged the importance of independent Directors in ensuring an optimal balance between Board members who are able to bring a wide range of business experience and skills, and those with direct company knowledge and operational responsibility.

Under the constitution, one third of Directors must retire by rotation at the Annual meeting each year but, if eligible, may offer themselves for re-election.

Pursuant to NZX Listing Rule 3.3.5, the company is required to make an announcement to the market advising the closing date for Director nominations. That announcement must be no less than ten business days prior to the closing date and the closing date must be not more than two months prior to the Annual meeting.

For the year ending 30 April 2014 the Board met 11 times.

## Independent Directors

The New Zealand Stock Exchange has determined that a component of good governance is the identification of independent directors. The Board has resolved that J A Dobson, G R Rohloff and L N E Bunt are defined as independent.

## Group Management Structure

The Group's organisation structure is focused on its three main activities: trading; the provision of consumer finance and the maintenance and development of its property assets. This delivers an organisation that is focused on all the key activities of the company.

## Risk Identification And Management

The Group has a formal Risk Management Plan to identify areas of significant business risk and implement procedures to effectively manage those risks. The Risk Management Plan has an emphasis on:

- Operational Risks: risks associated with the company's normal business operations, including normal day to day exposures relating to customers, stores, employees, systems, suppliers, occupational health and safety in the work place and regulatory bodies;
- Funding Risks: risks associated with the funding of the company's operations, including exposures relating to investment of surplus cash and to interest rate and exchange movements;
- Environmental Risks: risks associated with the environment in which the Group operates, including exposures to natural disasters and to changes in social trends, economic conditions and customer preferences; and
- Strategic Risks: risks associated with company initiatives that are outside the normal course of business, including exposures relating to initiatives to expand into new brands, markets, regions and business activities and to adopt new systems.

Where appropriate, the Board obtains advice directly from external advisers. Once a significant business risk is identified, the Board is advised and action is taken promptly to mitigate and monitor or, if there are benefits to be obtained, take advantage of these in addressing the risk.

## Committees

To enhance efficiency the Board has delegated some of its duties to Board committees and other powers to the Managing Director. The Managing Director has, in turn, formally delegated certain authorities to his direct reports and has established a formal process for his direct reports to further delegate.

The Board has an Audit Committee, a Remuneration Committee and a Nomination Committee which meet as required. The terms of reference for the Committees are the responsibility of the entire Board.

### Audit Committee;

Chairman; J A Dobson

Members; C D Boyce and G R Rohloff, L N E Bunt

The Audit Committee is responsible to the Board for the appointment of the external auditors. It also monitors both the internal and external audit functions. In addition, the auditors are also able to communicate directly with the Chairman of the Audit Committee at any time.

The Committee recommends the adoption of the Annual Report and Financial Statements to the Board. In addition, the Committee is responsible for ensuring that the Group has effective internal controls.

The Audit Committee also addresses taxation matters pertaining to the Group and ensures the Group complies with all relevant taxation legislation.

### Nomination Committee;

The Nomination Committee consists of all members of the Board.

The Nomination Committee is responsible for selecting appropriate nominees for election as Directors.

### Remuneration Committee;

The Remuneration Committee consists of all members of the Board.

The Remuneration Committee is responsible for ensuring that fees paid to Directors and senior employees assist in attracting and maintaining talented and motivated Directors and senior employees as a way of enhancing the performance of the company and the

value for shareholders. This Committee is responsible for setting and reviewing the human resources structure, strategy and policy for the company. It reviews the performance of the Managing Director and senior executives.

#### **INDEMNITIES AND INSURANCE**

The company has effected Directors' and Officers' Liability Insurance and Statutory Liabilities and Defence Costs Insurance on behalf of the Directors and Officers. The company has also entered into indemnities with Directors and Officers as required by the company's constitution. The insurance and indemnity do not cover liabilities arising from criminal action. Directors have completed Certificates of Indemnity and Insurance as required by Section 162 of the Companies Act 1993.

#### **Disclosures Of Interest**

##### **DIRECTORS OF RELATED COMPANIES INCLUDING SUBSIDIARIES**

Craig David Boyce, John Allen Dobson, Gary Raymond Rohloff; Lucas Nicolas Elias Bunt and Richard Hellings are Directors of the following companies:

- Smiths City Group Limited
- Smithcorp Finance Limited
- SCG Finance Limited
- Smiths City (Southern) Limited
- Smiths City Properties Limited

Craig David Boyce and Richard Hellings are Directors of the following companies:

- Debt Recovery and Legal Services Limited – formerly Smiths City (Auckland) Limited
- Smiths City (Nelson) Limited
- Smiths DIY (Southern) Limited
- Smiths City (Wellington) Limited
- Smiths City (Christchurch) Limited
- Quintana Investments Limited
- Powerstore Limited
- Alectra Limited
- Furniture Concepts (2004) Limited

- L V Martin & Son Limited

Craig David Boyce and John Allen Dobson are Directors of the following company:

- Smiths City Staff Share Plan Trustee Limited

#### **DISCLOSURES OF INTEREST**

Directors have disclosed the following interests as directors, trustees, members or employees of companies or other entities which may have material dealings with the company from time to time.

##### **C D BOYCE (Chairman)**

- Datacom Group Limited
- Progressive Leathers Limited
- Ovation (New Zealand) Limited
- Orion Group Limited
- Extra Strength No 164 Limited
- Transdiesel Limited
- Farmlands Cooperative Society Limited
- Horizon Farms Limited
- Snowy Peak Group Limited

##### **J A DOBSON (Deputy Chairman)**

- Anderson Lloyd
- Rural Transport Limited
- Wilson Bulk Transport
- J A Dobson Limited
- New Zealand Express Transport 2006 Limited
- Craigpine Timber Limited

##### **R HELLINGS**

- Retail Management Services 2000 Limited
- Adventure Brands Limited
- Ferrymead Park Limited (Honorary Chairman)
- NARTA NZ Limited

##### **G R ROHLOFF**

- Number One Shoes Limited
- Hellaby Holdings

## L N E BUNT

- Profile Foods Limited
- Flooring Xtra Licencing Limited
- Super Liquor Holdings Limited

## Gender Composition of Directors and Officers

A breakdown of gender composition of Directors and Officers as at April 2014 is shown below:

	FEMALE	MALE
Directors		5
Officers*		5

\* An Officer is defined in accordance with Sub Part 2 of Part 2 of the Securities Markets Act 1988.

\* Ms Sarah Ottrey retired during the year and the company is currently seeking a replacement for her

The company does not have a formal Diversity policy.

## Share Trading Protocol

The company has adopted a formal procedure governing the sale and purchase of the company's securities by Directors and employees. All Directors and employees must act in accordance with this procedure and the requirements of the Securities Markets Act 1988.

The procedure requires employees to obtain the written consent of a Director, or in the case of a Director, of the Chairman of the Board, prior to trading in the company's shares. Generally, this consent will only be given in respect of trading in the 60 day period following the announcement of the company's half year and annual results.

## Communication With Shareholders

The company has communicated directly with its shareholders via the half yearly report and the annual report and through their attendance at the annual meeting. It has also communicated indirectly via announcements through the NZX on a number of occasions.

In complying with company disclosure policy there have been no other obligatory communications to shareholders.

## Use Of Company Information

During the year the Board did not receive any notices from Directors of the company requesting the use of company information received in their capacity as Directors which would otherwise not have been available to them.



# General Disclosures

## Report And Financial Statements

Your Directors are pleased to submit to shareholders their Report and Financial Statements for the year ended 30 April 2014.

## Principal Activities

Smiths City Group Limited is a New Zealand based and operated company. It has three principal activities being:

- Retail Trading – the retailing of consumer electronic products, kitchen appliances, home heating solutions, home furnishings and sporting goods through the Smiths City, Powerstore and L V Martin brands. In addition, Alectra provides installation and after sales services to retail activities, all through Smiths City (Southern) Limited.
- Finance – the provision of finance by Smithcorp Finance Limited to support the retailing operation.
- Property – Smiths City Properties Limited owns the flagship Colombo Street retail property in central Christchurch and also takes advantage of opportunities to develop and enhance retail premises for the Group.

## Profit

The Group net profit after taxation was \$4.1m – compared with last year's \$5.4m. Earnings per share was 7.7cents compared with 10.2cents last year.

## Financial Statements

The financial statements for the Parent and Group for the year ended 30 April 2014 are shown on pages 11 to 51 in this report.

## Changes in Accounting Policies

In preparing these financial statements the accounting policies outlined in Note 3 to the financial statements have been applied.

There were no significant changes in accounting policies during the year.

Details of a prior period adjustment are referred to the Chairman's Report and Note 34 to the financial statements.

## State of Affairs

The Directors are of the opinion that the state of affairs of the Group is satisfactory. Details of the period under review are included in the Chairman's Review, the Managing Director's Review and the audited financial statements.

## Shareholders' Equity

Shareholders' equity as at 30 April 2014 was \$43.0m, up on prior year \$40.4m.

## Dividend

The Directors have approved an unimputed final dividend of 2.5cents (last year 2.5cents) to be paid on 15 August 2014. This brings the dividend to 3.5cents for the full year (last year 3.5cents).

## Significant Events During The Year

The details of these are explained fully in the Chairman's review and Managing Director's review.

## Events Subsequent To Balance Date

There were no significant events subsequent to balance date.

## Attendance At Meetings

Directors attended the following meetings during the year:

	BOARD MEETINGS		AUDIT COMMITTEE	
	No of meetings	No attended	No of meetings	No attended
C D Boyce	11	11	5	4
J A Dobson	11	10	5	5
S C Ottrey+	11	7		
G R Rohloff	11	11	5	5
R Hellings*	11	11	5	5

\*Observer at Audit Committee

+ Ms S C Ottrey retired from the Board 31 March 2014.

Mr L N E Bunt was appointed to the Board 15 April 2014 and attended his first Board meeting post balance date 12 May 2014.

The Remuneration Committee met twice during the year.

The Nomination Committee had no business arising during the year therefore no meetings were held.

In lieu of the Nomination Committee (which consists of all Board members) the Board of Directors, after full discussion and consideration of the skills required for the Group, resolved unanimously in March 2014 to appoint Mr Luke Bunt as a Director. Mr Bunt accepted this appointment in April 2014. His appointment is referred to in the Chairman's Review.

### Remuneration And Benefits

The Board seeks independent advice before recommending to shareholders any increase in the maximum level of Directors' fees payable. The Directors' fees are currently a maximum of \$310,000 as approved at the 2013 Annual Meeting of shareholders.

At the 27 August 2013 Annual meeting of shareholders, the Directors' Fee pool was approved as \$310,000. CPI increases are to be applied thereafter on an annual basis with the overall level to be reviewed every three years by an independent expert. The next review will be for the year ended 30 April 2016.

The CPI increase in the current year takes the pool to \$314,000.

The fees paid to Directors for services in their capacity as Directors during the year ended 30 April 2014 were:

	Directors' Fees	Other Services	Total Remuneration
<b>NON EXECUTIVE DIRECTORS</b>			
C D Boyce	90,000	-	90,000
J A Dobson	68,500	-	68,500
S C Ottrey	48,500	-	48,500
G R Rohloff	53,500	-	53,500
L N E Bunt	53,500	-	2,021
	314,000	-	262,521
<b>EXECUTIVE DIRECTOR</b>			
R Hellings	-	490,800	490,800

Note

- Ms S C Ottrey retired from the Board 31 March 2014.
- Mr L N E Bunt was appointed to the Board 15 April 2014 and attended his first Board meeting post balance date 12 May 2014.

### Remuneration to Auditors

The fee for the audit of the Group and subsidiaries paid to KPMG was \$73,000 (2013 \$72,000).

Fees paid to the auditors for other services provided amounted to \$14,600 (2013 \$3,100).

### Share Dealings By Directors

The company received three notices of share trading from the Directors during the current year. At balance date Directors and their associates held interests in the following shares.

	Balance 30.4.13	Purchases	Sales	Balance 30.4.14
C D Boyce	2,948,372 31.10.13	- ** Gifted	1,000,000 300,000	1,648,372
J A Dobson	501,579	-	250,000	251,579
R Hellings	4,228,909 4.6.13	- ** Gifted	1,250,000 60,000	2,918,909

### Further Information

For information on Disclosure of Interest by Directors, Use of Company Information and Insurances refer to the Governance Report on pages 54-57.



# Additional Company Information and Security Holder Disclosures

## Executive Employees Remuneration

During the year the following numbers of employees received remuneration of at least \$100,000.

REMUNERATION	NUMBER OF EMPLOYEES
\$100,000-\$109,999	2
\$110,000-\$119,000	6
\$120,000-\$129,000	1
\$130,000-\$139,000	1
\$140,000-\$149,999	1
\$210,000-\$219,999	1
\$220,000-\$229,000	1
\$270,000-\$279,999	1
<b>Total</b>	<b>14</b>

## Substantial Security Holders

The following are Substantial Security Holders as at 9 July 2014 as defined by the Securities Markets Act 1988 (refer also to details of Largest Registered Holders of Equity Securities on page 61 for further information):

Substantial Security Holder	Number Of Voting Securities With Beneficial Interest	Number Of Voting Securities With No Beneficial Interest	Date of Notice
Donald M Campbell/ Custodial Services Limited	9,660,302	-	21 January 2014
Utilico Investments Limited/ NZ Central Securities Depository Limited	7,140,437	-	2 July 2014
Douglas Carrick Belton/ Superannuation & Mutual Savings Limited	4,950,473	1,020,000	7 July 2014
Richard Hellings/Retail Management Services 2000 Limited	2,916,409	2,500	12 July 2013

## Distribution Of Registered Holders Of Equity Securities As At 7 July 2014

RANGES	NUMBER OF HOLDERS	NUMBER OF SECURITIES	%
1-1,000	256	178,528	0.34
1,001-5,000	612	1,569,460	2.99
5,001-10,000	228	1,827,249	3.48
10,001-50,000	252	5,850,275	11.08
50,001-100,000	37	2,676,731	5.08
100,001 and above	48	40,588,910	77.03
	<b>1,433</b>	<b>52,688,153</b>	<b>100.00</b>

## Distribution Of Registered Holders Of Equity Securities As At 7 July 2014

COUNTRY	INVESTORS	NUMBER OF SECURITIES	%
New Zealand	1,392	52,112,623	98.91
Australia	23	331,276	0.63
Cook Islands	1	53,750	0.10
France	1	800	0.00
United Kingdom	9	153,949	0.29
Hong Kong	1	2,000	0.00
Thailand	1	4,000	0.01
United States	5	29,755	0.03
	1,433	52,688,153	100.00

## 20 Largest Registered Holders Of Equity Securities As 9 July 2014

HOLDER NAME	BALANCE	%
Custodial Services Limited	9,790,302	18.58
New Zealand Central Securities Depository Limited	7,844,139	14.89
Douglas Carrick Belton	4,218,827	8.01
Retail Management Services 2000 Limited	2,861,409	5.43
Paradise Finance Limited	2,621,100	4.97
Extra Strength Number 164 Limited	1,648,372	3.13
Garrett Smythe Limited	1,087,000	2.06
Joan Edith Belton	1,020,000	1.94
Forsyth Barr Custodians Limited	1,002,500	1.90
Forsyth Barr Custodians Limited	814,473	1.55
Superannuation & Mutual Savings Limited	731,646	1.41
I R Smith & J M Smith & Shana Trust Limited	530,620	1.01
Gordon Henry Boyle	520,087	0.99
Russell Dillon Horlor	350,000	0.66
John Kenneth Woodhall & Jocelyn Dawn Woodhall	300,000	0.57
Lindsay Morton Walter	275,000	0.52
Murray Lesley Watson	255,241	0.48
J A Dobson & P S Dobson & J R Thomson & N S Anderson	251,579	0.48
Prime Projects Limited	250,000	0.47
Errol Douglas George Scott	250,000	0.47
<b>TOTAL FOR 20 LARGEST</b>	<b>36,622,295</b>	<b>68.24</b>

### Environment

The Group is committed to only utilising practices which will minimise environmental and social impact. It has embarked on a policy of actively identifying practices where the impact on the environment can be reduced.

The Group recycles materials extracted from washing machines and refrigerators, collects and properly disposes of refrigerant gases and recycles packaging cartons and printer cartridges. The Group also assists with recycling second hand goods through the operation of its chain of clearance centres.

The Group has sought and received assurances from its suppliers that furniture products imported from overseas

are manufactured from timbers grown in sustainable forests and not rain forests. Smiths City is a member of the New Zealand Imported Tropical Timber Group. Members are committed to purchase wooden furniture produced only from renewable and sustainable timber.

The Group will continue to expand its practices to reduce waste and slow the use of primary resources.

### Community Support

Being involved in the Community is seen as very important to the Group. For example the company allocates free of charge the Managing Director's time in overseeing the Ferrymead Heritage Park Limited – a Christchurch based historical park incorporating a childrens' education

program, a tourist park and multiple heritage building and asset maintenance programs – management company.

In addition the Group are Gold Sponsors of both the IHC and Ronald McDonald House in Canterbury and is a sponsor of the Santa Parade in Christchurch.

This financial year the Group assisted in the fit out of furnishings for the Ronald McDonald Family Room at Southland Hospital; as well as Dormer House, Christchurch; which provides residential accommodation and support for young people with offending backgrounds

who are also in the care of CYF.

The Group extensively supports charitable organisations in its many locations by involvement in fund raising activities such as raffles and lotteries. Much of this effort is put into raising funds in conjunction with the Group's retail and media partners.

During the year the Group also continued to make donations in cash or product in support of local charities. Total company expenditure for donations and sponsorship was \$0.058m (2013 \$0.048m)

# Our people who were part of the Smiths City Group of companies 30 June 2014

ABERHART Neville	COOK Peter	GRANGER Antony	KENT Brendan	MEAD Donald	RIVERS Linda	THOMAS Paul
ACKLEY Simon	COOK Ralph	GRANT Daniel	KEREAMA Liam	MEEK Stephen	ROBERTS Barbara	THOMSEN Christine
ADAMS Angela	COOKE Corey	GRANT Judith	KERR Gavin	MEIKLE Judy	ROBERTSON Craig	THOMSON Murray
ADAMSON Nyrena	COOPER Michael	GRAVER Marilyn	KERR Rowan	MELIS Karen	ROBERTSON Evan	THORESEN Tracey
ADIE Shaun	COSTA Marco	GREDIG Barry	KHADER Abdul	MELVILLE Anne	ROBISON Wendy	THORMAN Gary
AFOA Tony	COSTER Scott	GRIFFITHS Michael	KILLEN William	MEXTED Peter	ROGERS Kaye	TINDALL Gregg
AITCHESON Liam	COUTTS Toni	GROWCOTT Kieran	KING Andrew	MIHAERA Barbara	ROGERS Lorraine	TOA-TEMARAMA Gerald
AITCHESON Ross	CRAGGS Kay	GUNNING Andrew	KINGI Hunia	MILDENHALL Barry	ROHAN Michael	TOA-TEMARAMA Tyson
ALLAN Grant	CRAIG Lee	HAGUE Matthew	KIRK Melanie	MILLAR Brendon	RON Rosa	TODD David
ALLAN Tony	CRAIG Sheila	HAILES Melissa	KIRNER Jackie	MILLNS Dianne	ROPER Stephen	TODD Phillip
ALLEN Diane	CRANSTOUN Orlana	HALL Gary	KITTO Alex	MILNE Nicholas	ROSE Kathleen	TONKIN Nicki
ALLERBY Ezra	CRAVEN Rebecca	HALLIGAN Andrew	KNIGHT Fiona	MILNE Sandie	ROSS Norman	TONKIN Paul
ALMOND Annette	CRIGHTON Lance	HALLINAN Scott	KNOWLER Michael	MINNE Eugene	ROSSITER Brett	TONKIN Victor
ALMOND Hula	CROSS Daisy	HAMILTON Alicia	KNUTSON Erin	MIRFIN Alan	ROSSITER Jason	TOPP Julie
AMOROA Bronson	CROTON Barry	HAMMOND Ben	KOIA Alison	MITCHELL Trish	ROSWELL Anton	TORRANCE Adam
AMYES Keith	CULHAM Ross	HAMPL Jaromir	KOOPS Kerri-Anne	MOORE David	ROUT Leigh	TRAFFORD-LILLIS Jamie
ANDERSON Garry	CUMBERLAND Jill	HANGIU Ionut	KUMAR Alvin	MOORE Shane	ROWAN Paul	TRAFFORD-LILLIS Jamie
ANDERSON Janelle	CUNNINGHAM Ian	HANSEN Dennis	KUMAR Vivek	MORGAN Kevin	RUMBUL Maggie	TRANG Jean
ANDERSON Joanna	CURTIS Karen	HANSEN Stanley	LADBROOK Michelle	MORRIS Adam	RUSSELL Anthony	TREWEK Julie
ANDERSON Rick	CURTIS Kerri	HARDING Fonda	LAL Madan	MORRIS Sam	RUSSELL Michael	TREMAIN Gemma
ANDREWS Genna	DALTON Michelle	HARGRAVES Fiona	LAMB Bryan	MUIR Dianne	RUTHERFORD Heather	TROCHON Stefan
ANDREWS Shona	DALY Brian	HARKNESS Pauline	LAMB Justene	MURCH Ryan	RUTTEN Zachary	TSAO Daniel
ANTROBUS Cameron	DALY Margaret	HARPUR Thomas	LAMB Nic	MURDOCH Kevin	RYDER Keith	TUISAMOA Jeremiah
ARMSTRONG Brian	DALY Tony	HARRIS Esther	LAMB Tyler	MURPHY Alex	SAINI Nikhil	TSO Daniel
ASHWORTH Graham	DARLING Kellie	HART Michael	LAMBERT Nathan	MURRAY Warren	SALMON Steve	TSO Daniel
ATTEWELL Rebecca	DAVESCOVICH-BUTCHER	HARTSTONGE Trevor	LANCASTER Vickie	MYTTON Scott	SAVAGE Hamish	TSO Daniel
ATTEWELL Thomas	Lynne	HARVEY Jason	LANGDON Jason	NAICKER Rima	SAVENIJE Michael	TSO Daniel
AUSTIN John	DAVETI Simone	HARVEY Paul	LANGE Colin	NAIR Rajesh	SAVIDAN Pamela	TSO Daniel
AYERS Sarah-Lee	DAVIDSON Chris	HARVEY-MAY Matthew	LASEI Stephen	NAKAROTI Kulaiyosi	SAYERS Jamie	TSO Daniel
BAHRAINWALA Husein	DAVIES Lynn	HASLEMORE Karen	LASEI Vincent	NALLY Terence	SCOLES Haylee	TSO Daniel
BAILEY Bernadette	DAWES Brent	HASLEMORE Karen	LATIMER Brett	NAND Dineshwar	SCRIMGOUR James	TSO Daniel
BAILEY Lisa	DEAM Samuel	HAWES Joel	LATTA Sally	NEAL Matthew	SEDDON Lynne	TSO Daniel
BAILEY Scott	DELANY Joanne	HAWKE Greg	LAWSON Tony	NEAME Joshua	SEDDON Rhys	TSO Daniel
BAKER Pip	DELIS Terry	HAWKE Michael	LAY Jeffrey	NEILSON Michael	SELBY Darren	TSO Daniel
BAKER Tom	DELPORT Travis	HEALEY Grant	LECKIE Martin	NEILSON Patrick	SENEVIRATNE Tyrone	TSO Daniel
BALFOUR Craig	DHAWAN Rajat	HEANEY Michelle	LE COMTE Clint	NEWBY Paul	SEREPISOS Jayson	TSO Daniel
BALFOUR Troy	DHOLA Pankaj	HEARN Stephen	LEARNOND Bob	NEWMAN Nikita	SEWAK Mukesh	TSO Daniel
BANDESHA Jyoti	DICKIE Adam	HELLIER Joanne	LEE Brian	NEWTH Alan	SHARFE Roger	TSO Daniel
BARDELL Warren	DICKIE Peter	HENDERSON Glenys	LEE Sim	NICHOLSON Fran	SHARLAND Garry	TSO Daniel
BARNAO Barney	DICKSON Colin	HENDERSON Yvonne	LESA Faamoemoe	NICHOLSON Sasha	SHARP Craig	TSO Daniel
BARNES Michael	DID-DELL Philip	HESSON Philip	LEWIS Ian	NICOLL Lisa	SHAW Brendon	TSO Daniel
BATCHELOR Jessie	DID-DELL Tim	HEWISON Richard	LEWIS Matthew	NIEMAN Haley	SHAW Jade	TSO Daniel
BATELY Graeme	DILLMORE Michelle	HEWLETT Brent	LEWIS Philip	NIVEN Lorraine	SHAW Renae	TSO Daniel
BECKLEY Nigel	DODDS Donna	HEY John	LIEBERT Andrew	NOSSITER Gwendolin	SHEARY Robert	TSO Daniel
BECKER Gracie	DOAKE Anthony	HIBBS Bradley	LIND Joyce	NUDD Simon	SHIVDE Karan	TSO Daniel
BENJEMANN Christine	DOELMAN Hans	HIGHTON Joanne	LINDSAY Mark	O'CARROLL Kay	SHORE Suzanne	TSO Daniel
BERG Brent	DONACHIE Hannah	HILL Alicia	LINTON Kevin	O'CONNOR Mark	SICE Paul	TSO Daniel
BERRY Matt	DONALD Jessica	HIRI Damian	LIPMAN Scott	O'CONNOR Brent	SIDON Darrell	TSO Daniel
BERRY Timothy	DONALDSON Diana	HOBBS Joshua	LITTLE Samantha	OFFICER Gillian	SIMCOCK Martin	TSO Daniel
BEST Rick	DONGHI Toni	HODGSON Rochelle	LIVINGSTONE Sarah	OGDEN David	SINGER Lauren	TSO Daniel
BETHAM Rodney	DORRANCE Aleks	HOFELICH Elaine	LLORICO Emilio	O'HALLORAN Nicola	SINGH Davender	TSO Daniel
BEULINK Campbell	DOWDING Neil	HOGARTH Christine	LLOYD Grant	OLIVER Faye	SINGH Harpreet	TSO Daniel
BEZUIDENHOUT Robert	DUDLEY Dawn	HOLDER Richard	LOCKIE Hadyn	OLSEN Darcey	SINGH Rahul	TSO Daniel
BHOGAL Raunag	DUMBAR Brittany	HOLLOWAY Alex	LOOTSMA Coos	OLSON Nichola	SINGH Tejpal	TSO Daniel
BIDDINGTON Blair	DUNCAN Adrienne	HOLM Paul	LORMANS Vince	O'NEAL Rodney	SKINNER Damien	TSO Daniel
BIDDLE Maria	EARL Fallon	HOLST James	LOUGH Braiden	O'NEILL David	SMITH Dean	TSO Daniel
BILLING Andrew	EASTERBROOK Alistair	HOOD Marcus	LOUGH David	OPETIA Tania	SMITH Doug	TSO Daniel
BISHOP Lyndsey	EDINGTON John	HOOGENBOOM Louise	LOUTITT Glenda	ORANJE Josh	SMITH Ian	TSO Daniel
BLACK Kenneth	EDWARDS Ethan	HOPKINS Mark	LOW Nathan	ORMANDY Tony	SMITH Jonathan	TSO Daniel
BLACKWELL Simon	EGGERS Bronwyn	HORSBURGH Kathryn	LOWE Anthony	ORMSBY Shannon	SMITH Kelly	TSO Daniel
BONIFACE Glenda	EGGERS Cory	HORSBROUGH Michael	LUAFUTU Lino	O'ROURKE Jeff	SMITH Margaret	TSO Daniel
BOYCE Maree	EGGLETON Daniel	HOUSTON Josh	LUCAS Chris	PAINE Garry	SMITH Mary-Anne	TSO Daniel
BRACEWELL Mark	ELLEY Ryan	HOY David	LUSTY Alisha	PALMER Bruce	SMITH Michael	TSO Daniel
BRADLEY Steve	ELLIS Jodie	HUDSON Fred	MacASKILL Anna	PARKER Kyle	SMITH Nathan	TSO Daniel
BRANIFF Daniel	ELLIS John	HUDSON Patrick	MacDONALD Noel	PARKER Kyle	SMITH Peter	TSO Daniel
BREACH Bonnie	ELLIS Mike	HUFFAM Aaron	MacKAY Ken	PARKINSON Madasin	SOLOFUT Alatua	TSO Daniel
BRIGHTS Jamie	ELPHINSTONE-HAYES	HUGHES Brendan	MacKAY Rachael	PARKSONS Gavin	SOLOMON Tau	TSO Daniel
BRINER Amy	RoseMary	HUMPHREY Lynne	McCANN Quenton	PAULEY Deanna	SOURIRAJAN Kartik	TSO Daniel
BROAD Rachel	ENSOR Pauline	HUMPHREY Stuart	McCLURE Suzanne	PAULIN Troy	SPEDEN Elaine	TSO Daniel
BROOK Shane	ERBY Fiona	HUNT Toni	McCONCHIE Susan	PAYNE Holly	SPENCER Neil	TSO Daniel
BROWN Nicole	ERICKSEN Rebecca	HUNTER David	McCUTCHEON Vanessa	PAYN Megan	STANTON Craig	TSO Daniel
BRYAN Jesse	EVAN Emily	HYDE Laurence	McDONALD Siusann	PEAT Maureen	STEVENSON Jennifer	TSO Daniel
BUCKNALL Phillip	IELUA Laila	INCH Julianna	McFADDEN Bruce	PEPE Anthony	STEWART Jim	TSO Daniel
BUGDEN Matthew	FAIRHURST Chelsea	JARVIS Chris	McFADDEN Dayle	PERRIN Michael	STEWART Jody	TSO Daniel
BURNEY Kate	FAIRHURST Kane	JENKINS Andrea	McFARLANE Sue	PERRY Michael	STEWART Mathew	TSO Daniel
BURROWS Margaret	FALWASSER Paul	JENKINS Bryce	McFELIN Lyn	PETRIE Robin	STEWART-SMITH Michael	TSO Daniel
BURTONSHAW Alec	FANOLUA Brandon	JENKINS Leeanne	McGRATH Sean	PHILLIPS Nathan	STOTHERS Jaye	TSO Daniel
BURTON Ann	FEARN Richard	JENKINS Ray	McLIVOR Bronx	PICKETT Mark	STOTT Chris	TSO Daniel
BYERS Jacob	FETHERSTON Maria	JOBSON Albie	McINTOSH Hilary	PHILLIPS Sally	STOWELL Megan	TSO Daniel
BYRNE Mandy	FIELD Warren	JOBSON Peter	McINTOSH Hilary	PICKETT Mark	STUART Janet	TSO Daniel
CALDEIRO Ian	FILITA Leroy	JOHN Rhy	McIVOR Bronx	PITCHER Brian	STUART Rebecca	TSO Daniel
CALLAHAN Simon	FINCH Simon	JOHNSON Allan	McKINLAY Madeleine	SULLIVAN Sarah	SULLIVAN Jennifer	TSO Daniel
CALLISTER Carolyn	FLEMING Nigel	JOHNSON Dayne	McKINNON Neil	SULLIVAN Sarah	SULLIVAN Sharon	TSO Daniel
CARLAW Lisa	FORSTER Marie	JOHNSON Kristine	McLAUGHLIN Mark	SUTTON Paul	SYME Andrea	TSO Daniel
CARREL Teresa	FOSTER Jean	JOHNSON Lauren	McLEAN Ann-Marie	SYME Andrea	SYMONS Reginald	TSO Daniel
CARSON Aaron	FOSTER Leslie	JOHNSON Marc	McLEARY Carmen	SYMONS Reginald	SZIGETVARY-URLICH Stefan	TSO Daniel
CARSTON Paul	FOX Ashley	JOHNSON Shane	McLEOD Adele	TAHAPEEHI Tete	TAKITIMU Michaela	TSO Daniel
CARTER Danielle	FRASER Elizabeth	JOHNSON Derek	McMILLAN Lance	TANG Alan	TANGIITI Teri	TSO Daniel
CARVELL Nicole	FRASER John	JOHNSON Lois	McNEUR Drew	TANIELU Christine	TANNER Lynne	TSO Daniel
CASKIE Sandra	FRY Pam	JOHNSON Paul	MAKKER Suniti	TAURIMA Dean	TAUTARI Mathew	TSO Daniel
CATTERMOLE Wal	FULTON Grant	JOHNSON Todd	MALONEY Aaron	TEARATA Dean	TEARATA Dean	TSO Daniel
CHAIPANIT Ning	GAINES Sharon	JONES Lee	MANAWATU Waata	TEARATA Dean	TEARATA Dean	TSO Daniel
CHALLIS Karl	GALLAGHER Michael	JONES Lindon	MANDER Jayne	TEARATA Dean	TEARATA Dean	TSO Daniel
CHALLIS Ryan	GALT Jared	JOPE Kerrin	MANNING Michelle	TEARATA Dean	TEARATA Dean	TSO Daniel
CHING Marcia	GALT John	JOYCE Graeme	MARKS Laurence	TEARATA Dean	TEARATA Dean	TSO Daniel
CHISHOLM Murray	GARDNER Lynley	KAPOOR Raman	MARSTERS James	TEARATA Dean	TEARATA Dean	TSO Daniel
CHONG Sharon	GARDNER Mary	KAREKARE Ami	MARTIN Brett	TEARATA Dean	TEARATA Dean	TSO Daniel
CHRISTIAN Marcus	GAULT Sarah	KARLYTZKY Antony	MARTIN Fiona	TEARATA Dean	TEARATA Dean	TSO Daniel
CHRISTIANSEN Stephen	GAUR Parteek	KARLYTZKY Antony	MARTIN Scott	TEARATA Dean	TEARATA Dean	TSO Daniel
CLARK Jim	GIBBINS Robert	KARLYTZKY Antony	MASON Elliott	TEARATA Dean	TEARATA Dean	TSO Daniel
CLAXTON Jeremy	GIBLIN James	KATAE Peter	MATHER Emma	TEARATA Dean	TEARATA Dean	TSO Daniel
CLELAND Kerry	GIBSON Haley	KATAE Riki	KAUL Mandeep	TEARATA Dean	TEARATA Dean	TSO Daniel
CLEVERLEY Lynne	GILL Ann-Marie	KEENAN Lisa	KEMP Denise	TEARATA Dean	TEARATA Dean	TSO Daniel
COFFEY Mike	GILL Olivia	KEENAN Lisa	KENNACH William	TEARATA Dean	TEARATA Dean	TSO Daniel
COFFEY Sandra	GODFREY Sam	KEENAN Lisa	KENNEDY Hayden	TEARATA Dean	TEARATA Dean	TSO Daniel
COGGER-MACE Jade	GOODARE Stephanie	KEENAN Lisa	KENNEDY Michael	TEARATA Dean	TEARATA Dean	TSO Daniel
COKER Bob	GOODWILL Phillip	KEENAN Lisa	KENNEDY Michael	TEARATA Dean	TEARATA Dean	TSO Daniel
COLLINS Rachael	GORDON Lester	KEENAN Lisa	KENNEDY Michael	TEARATA Dean	TEARATA Dean	TSO Daniel
CONNOR Sara	GORT Doug	KEENAN Lisa	KENNEDY Michael	TEARATA Dean	TEARATA Dean	TSO Daniel

# Store Locations 2014



