

The NSH Australian group also has gross tax losses of \$4,325,818 (2018: \$5,467,450) for which a deferred tax asset has not been recognised, as the future utilisation of these losses is more uncertain.

## 9. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

This note provides information about the Group's current and non-current financial instruments including:

- An overview of all financial instruments held by the Group;
- Specific information about each type of financial instrument; and
- Information about determining the fair value of the instruments, including areas of judgement, estimates and other assumptions.

The Group hold the following financial instruments:

	Notes	2019 \$'000	2018 \$'000
<b>Financial assets</b>			
<i>At amortised cost</i>			
Cash and cash equivalents	9.1	178,842	21,333
Trade and other receivables	9.2	19,856	15,753
Deposits	9.3	1,178	1,074
		<u>199,876</u>	<u>38,160</u>
<i>Measured at fair value</i>			
Derivatives used for hedging – at fair value through other comprehensive income	9.3	569	2,186
		<u>200,445</u>	<u>40,346</u>
<b>Total financial assets</b>			
<b>Financial liabilities</b>			
<i>At amortised cost</i>			
Trade and other payables	9.4	18,993	12,318
Borrowings	9.5	847,838	600,348
Finance leases	9.7	169,154	161,388
		<u>1,035,985</u>	<u>774,054</u>
<i>Measured at fair value</i>			
Derivatives used for hedging	9.6	2,088	4,383
		<u>1,038,073</u>	<u>778,437</u>
<b>Total financial liabilities</b>			

The Group's approach to financial risk management is discussed in note 15. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial asset mentioned above.

All derivatives have been designated as cash flow hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period. The derivatives above relate to interest rate swaps and forward currency exchange contracts held by the Group, for further details see note 9.5.

### 9.1. Cash and cash equivalents

	2019 \$'000	2018 \$'000
<b>Current assets</b>		
Cash on hand	50	46
Cash at bank	178,792	21,287
<b>Total cash and cash equivalents</b>	<u>178,842</u>	<u>21,333</u>

## Cash flow reconciliation of net profit after tax to net cash flows from operations

	2019 \$'000	2018 \$'000
Profit after income tax	144,840	145,773
Income tax expense / (benefit)	271	(2,019)
Profit before tax	<u>145,111</u>	<u>143,754</u>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation	395	357
Amortisation of intangible assets	584	395
Fair value adjustments	(84,663)	(92,368)
Share of profit of joint ventures and associates	(3,171)	(1,342)
Loss on disposal of property, plant and equipment	8	-
Finance income	(1,532)	(757)
Finance costs	33,746	28,912
<i>Changes in operating assets and liabilities:</i>		
Decrease / (increase) in receivables	1,119	(3,579)
Increase in inventories	(26)	(56)
Increase in other assets	(1,780)	(1,472)
Increase in payables	2,128	2,600
Increase in deferred revenue	135	999
Increase / (decrease) in provisions	387	(631)
<b>Cash flows from operating activities</b>	<u>92,441</u>	<u>76,812</u>
Interest received	2,024	265
Income tax paid	(1,153)	(85)
<b>Net cash flows from operating activities</b>	<u>93,312</u>	<u>76,992</u>

### 9.2. Trade and other receivables

	Notes	2019 \$'000	2018 \$'000
<b>Current</b>			
Trade receivables		3,770	3,054
Allowance for expected credit losses		(135)	(23)
		<u>3,635</u>	<u>3,031</u>
Other receivables		4,223	4,082
Receivables from related parties	17	11,880	8,039
		<u>19,738</u>	<u>15,152</u>
<b>Non-current</b>			
Other receivables		118	601
		<u>19,856</u>	<u>15,753</u>
<b>Total current and non-current</b>			

### Classification as trade and other receivables

Trade receivables are amounts due from customers for rental income, goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

The allowance for expected credit losses represents an estimate of receivables that are not considered to be recoverable. For the year ended 30 June 2019 the Group has recognised an expected loss provision following the adoption of AASB 9 *Financial Instruments*. The Group recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Group assesses this allowance based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors. At 30 June 2018, the Group recognised a provision for trade receivables relating to receivables acquired on the purchase of investment properties where there are specific risks around recoverability.

See below for the movements in the allowance for expected credit losses in the Group.

See note 17 for terms and conditions relating to related party receivables.

	2019 \$'000	2018 \$'000
<b>At 1 July</b>	23	42
Charge for the year	165	-
Recognised on acquisition of investment properties	-	79
Utilised	(53)	(98)
<b>At 30 June</b>	135	23

The age of trade receivables not impaired was as follows:

	2019 \$'000	2018 \$'000
0 to 3 months	3,534	2,590
3 to 6 months	82	312
Over 6 months	19	129
	3,635	3,031

The carrying amounts of current receivables are assumed to be the same as their fair values, due to their short-term nature. The fair value of non-current receivables approximates carrying value.

### 9.3. Other assets

	2019 \$'000	2018 \$'000
<b>Current</b>		
Deposits	1,178	1,074
Prepayments	5,836	4,263
Financial assets (derivatives)	-	87
	7,014	5,424
<b>Non-current</b>		
Financial assets (derivatives)	569	2,099
<b>Total current and non-current</b>	7,583	7,523

For details on the classification of financial instruments see note 9.

### 9.4. Trade and other payables

	2019 \$'000	2018 \$'000
<b>Current</b>		
Trade payables	3,486	4,184
Accrued expenses	6,706	2,717
GST and employment taxes payable	2,644	1,256
Other payables	6,157	4,161
<b>Total</b>	18,993	12,318

Trade payables are unsecured and are usually paid within 30 days of recognition. Other payables and accruals are paid when amounts fall due. The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

### 9.5. Borrowings

	2019 \$'000	2018 \$'000
<b>Non-current</b>		
Bank finance facility	847,838	600,348
Non-amortised borrowing costs	(3,911)	(3,938)
<b>Total borrowings</b>	843,927	596,410

The Group has non-current borrowing facilities denominated in Australian Dollars ("AUD") and New Zealand Dollars ("NZD"). All facilities are interest only facilities with any drawn balances payable at maturity. Drawn amounts and facility limits are as follows:

	2019 \$'000	2018 \$'000
<b>Bank finance facilities (AUD)</b>		
Drawn amount	663,800	520,300
Facility limit	680,000	605,000
<b>Bank finance facilities (NZD)</b>		
Drawn amount	192,250	87,500
Facility limit	196,750	121,000
<b>AUD equivalent of NZD facilities</b>		
Drawn amount	184,038	80,048
Facility limit	188,346	110,696

The major terms of these agreements are as follows:

- Maturity dates on the facilities range from 23 July 2020 to 23 December 2026 (2018: 23 July 2019 to 23 December 2026).
- The interest rate applied is the bank bill rate plus a margin depending on the gearing ratio.
- Security has been granted over the Group's freehold investment properties.

The Group has a bank overdraft facility with a limit of \$3m that was undrawn at 30 June 2019 and 30 June 2018. During the year ended 30 June 2019, the Group converted an existing AUD facility of \$25m into an NZD facility of \$25.75m, refinanced part of the existing debt facilities, and increased its club banking facilities by AUD \$100m and NZD \$50m (year ended 30 June 2018 facilities increased by \$150m AUD and \$25m NZD).