

Manawatu Community Trust

Six monthly report to Manawatu District Council

As at 31 December 2019

For the six months 31 December 2019



COMPILATION REPORT AND DISCLAIMER OF LIABILITY TO THE TRUSTEES

Scope

We have compiled the financial statement extracts of Manawatu Community Trust for the six months ended 31 December 2019 on the basis of information provided to us by the Board in accordance with Service Engagement Standard No 2: Compilation of Financial Information issued by the New Zealand Institute of Chartered Accountants. These have been prepared in accordance with the framework described in the Statement of Accounting Policies to the financial statement extracts.

Responsibilities

The Trust is solely responsible for the information contained in the financial statements and has determined that the financial reporting framework used is appropriate to meet its needs and the purpose for which the financial statement extracts were prepared.

The financial statement extracts were prepared exclusively for the Trust. We do not accept responsibility to any other person for the contents of the financial statement extracts.

No audit or review engagement undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statement extracts from information provided to us by the Trust and in accordance with the limited procedures agreed in our engagement letter. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Disclaimer of liability

Neither we nor any of our employees accepts any responsibility for the reliability, accuracy or completeness of the compiled financial information nor do we accept liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on the compiled financial information.

A handwritten signature in blue ink that reads 'B. Stanley'.

Director
BDO Central (NI) Limited
Chartered Accountants and Advisers
32 Amesbury Street
Palmerston North 4410

Dated: 18/02/2020

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Profit & Loss

Manawatu Community Trust For the 6 months ended 31 December 2019

	Actual	Budget	Var NZD	Var %
Income				
1. Rents Received				
FHC - Rental income	337,399	387,939	(50,540)	-13.0%
HOUSING - Rental Income	742,448	737,236	5,212	0.7%
Total 1. Rents Received	1,079,847	1,125,175	(45,328)	-4.0%
2. Interest Received				
Interest Income	276	300	(24)	-8.0%
Total 2. Interest Received	276	300	(24)	-8.0%
3. Grants & Donations				
Grants and Donations	-	252	(252)	-100.0%
Total 3. Grants & Donations	-	252	(252)	-100.0%
4. Other Income				
FHC - Sundry Income	332	270	62	22.9%
MDC - Rates Rebate	53,296	65,622	(12,326)	-18.8%
Meeting Room Income	1,977	1,380	597	43.3%
MENZSHED - Rental Income	2,600	2,598	2	0.1%
Project Mobility	235	228	7	3.0%
Sundry Income	320	3,062	(2,742)	-89.5%
Total 4. Other Income	58,760	73,160	(14,400)	-19.7%
5. Maternity book				
Maternity Book - Sale	139	-	139	0.0%
Total 5. Maternity book	139	-	139	0.0%
Total Income	1,139,022	1,198,887	(59,865)	-5.0%
Gross Profit	1,139,022	1,198,887	(59,865)	-5.0%
Less Operating Expenses				
1. Administration Expenses				
Accounting	14,448	7,200	7,248	100.7%
Audit fees	(500)	-	(500)	0.0%
Computer costs	609	2,850	(2,241)	-78.6%
Consultants Fees	-	1,002	(1,002)	-100.0%
Fees for processing documents	44	-	44	0.0%
General Expenses	263	498	(235)	-47.1%
Insurance - Professional Indemnity	1,797	1,644	153	9.3%
Legal Fees	-	570	(570)	-100.0%
Meeting Room Expenses	-	750	(750)	-100.0%
Office Electricity	1,314	894	420	47.0%
Office maintenance	481	546	(65)	-11.9%
Office Rates	418	1,350	(932)	-69.0%
Office Telephone	3,806	4,224	(418)	-9.9%
Photocopies	829	1,281	(452)	-35.3%

These financial statements are to be read in conjunction with the accompanying Notes and the compilation report. These statements have been compiled without undertaking an audit or review engagement.

Profit & Loss

	Actual	Budget	Var NZD	Var %
Postage & Stationary	741	852	(111)	-13.0%
Project Mobility Expenses	102	100	2	1.8%
Subscriptions	315	240	75	31.0%
Trust Development Fund	-	3,000	(3,000)	-100.0%
Web page	165	-	165	0.0%
Vehicle expenses				
Petrol & Oil	2,349	2,250	99	4.4%
Total Vehicle expenses	2,349	2,250	99	4.4%
Total 1. Administration Expenses	27,182	29,251	(2,069)	-7.1%
2. Others				
Depreciation				
Depreciation	225,100	396,498	(171,398)	-43.2%
Total Depreciation	225,100	396,498	(171,398)	-43.2%
Employee costs				
Accident Compensation Levies	1,411	1,480	(69)	-4.6%
Staff other costs	2,923	5,500	(2,577)	-46.9%
Trustee Expenses	921	1,500	(579)	-38.6%
Trustee Wages	48,500	48,498	2	0.0%
Wages & Salaries	83,195	65,558	17,637	26.9%
Total Employee costs	136,950	122,536	14,414	11.8%
FINANCE expenses				
Bank Charges	310	1,200	(890)	-74.2%
Interest Expenses	4,842	4,392	450	10.2%
Total FINANCE expenses	5,152	5,592	(440)	-7.9%
Total 2. Others	367,202	524,626	(157,424)	-30.0%
3. HOUSING Expenses				
HOUSING - General expenses				
Advertising	609	300	309	103.0%
Bad Debts	(15)	-	(15)	0.0%
Hospitality Expenses	-	400	(400)	-100.0%
HOUSING - Community Building	2,047	1,500	547	36.5%
HOUSING - General Expenses	83	252	(169)	-67.1%
HOUSING - Horizons Rates	14,773	13,970	803	5.8%
HOUSING - Insurance (P & C Brokers)	55,012	64,902	(9,890)	-15.2%
HOUSING - Interest Expenses	14,104	15,563	(1,459)	-9.4%
HOUSING - Rates	106,592	131,250	(24,658)	-18.8%
HOUSING - Rubbish Removal	5,737	4,998	739	14.8%
HOUSING - Water Charges	15,328	21,000	(5,672)	-27.0%
Revaluation Expenses	37,615	25,000	12,615	50.5%
Total HOUSING - General expenses	251,884	279,135	(27,251)	-9.8%
HOUSING - Maintenance				
HOUSING - Appliances - Acquisition	1,229	6,750	(5,521)	-81.8%
HOUSING - Building Maintenance	52,326	49,998	2,328	4.7%
HOUSING - Cleaning	-	1,698	(1,698)	-100.0%

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Profit & Loss

	Actual	Budget	Var NZD	Var %
HOUSING - Electricity	254	498	(244)	-49.0%
HOUSING - Grounds Maintenance	13,259	12,498	761	6.1%
Total HOUSING - Maintenance	67,068	71,442	(4,374)	-6.1%
HOUSING - Major maintenance				
HOUSING - Major maintenance	32,685	40,002	(7,317)	-18.3%
Total HOUSING - Major maintenance	32,685	40,002	(7,317)	-18.3%
Total 3. HOUSING Expenses	351,637	390,579	(38,942)	-10.0%
4. Commerical expenses				
FHC - Maintenance				
CLEVELY - Building Maintenance	249	1,000	(751)	-75.1%
FHC - Building Maintenance	15,199	25,002	(9,803)	-39.2%
FHC - Fire Security and Contingency	772	776	(4)	-0.5%
FHC - Generator maintenance	1,326	720	606	84.2%
FHC - Services	1,105	1,210	(105)	-8.7%
Total FHC - Maintenance	18,653	28,708	(10,055)	-35.0%
FHC General expenses				
CLEVELY - Fire Security & contingency	77	86	(9)	-10.5%
CLEVELY - General expenses	1,504	252	1,252	496.7%
CLEVELY - Insurance	4,346	4,152	194	4.7%
CLEVELY - Overhead Allocation	-	6,112	(6,112)	-100.0%
FHC - Consultants	2,175	-	2,175	0.0%
FHC - Feilding Health Care - Insurance	16,929	16,500	429	2.6%
FHC - General Expenses	-	252	(252)	-100.0%
FHC - Interest Expense	60,573	64,109	(3,536)	-5.5%
FHC - Lease	17,990	-	17,990	0.0%
FHC - Rates (Water only)	518	270	248	91.8%
Total FHC General expenses	104,111	91,733	12,378	13.5%
FHC Grounds Maintenance				
CLEVELY - Grounds Maintenance	3,994	4,500	(507)	-11.3%
FHC - Grounds Maintenance	5,311	4,500	811	18.0%
FHC - Legal fees	750	-	750	0.0%
Total FHC Grounds Maintenance	10,055	9,000	1,055	11.7%
Other (14 Bowen Street & Menzshed)				
14 Bowen St - building maintenance	-	2,501	(2,501)	-100.0%
Menzshed expenses	518	150	368	245.3%
SUNDRY - Interest Expense	783	864	(81)	-9.4%
SUNDRY - Rates	-	155	(155)	-100.0%
Total Other (14 Bowen Street & Menzshed)	1,301	3,670	(2,369)	-64.5%
Total 4. Commerical expenses	134,119	133,111	1,008	0.8%
Total Operating Expenses	880,140	1,077,567	(197,427)	-18.3%
Net Profit	258,882	121,320	137,562	113.0%

These financial statements are to be read in conjunction with the accompanying Notes and the compilation report. These statements have been compiled without undertaking an audit or review engagement.

Balance Sheet

Manawatu Community Trust As at 31 December 2019

31 Dec 2019 31 Dec 2018

Assets

Current Assets

Accounts Receivables

Prepayments	19,899	13,291
Trade Debtors	70,967	61,334
Total Accounts Receivables	90,866	74,624

Bank

ANZ - Term Deposit	1,100,000	-
Commercial Flexi Facility	(938)	-
FHC - Current Account	-	96,325
MCT - B.Savings Account	206,913	86,582
MCT - Current Account	154,921	91,534
MCT - Donations	-	570
Petty Cash	-	67
Petty Cash Account	377	-
Total Bank	1,461,274	275,078
Total Current Assets	1,552,140	349,703

Fixed Assets

Fixed Assets	28,651,345	23,826,649
Total Fixed Assets	28,651,345	23,826,649

Non-current Assets

Deferred GST	23,491	-
Total Non-current Assets	23,491	-

Total Assets	30,226,976	24,176,352
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Liabilities

Current Liabilities

MCT Credit Card	908	-
MidCentral Health Board - Cleverly Deferred Settlement - Current Portion	590,000	-
Rounding	1	-

Current portion of term loans

ANZ Bank loan	216,000	251,000
MDC Loans	257,578	123,956
Total Current portion of term loans	473,578	374,956

Employee Entitlements

Accrued salary/wages	4,225	3,873
Annual Leave Entitlement	7,152	4,403
PAYE Accruals	5,605	4,353
Total Employee Entitlements	16,982	12,629

Trade and other payables

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Balance Sheet

	31 Dec 2019	31 Dec 2018
Accounts payables	83,680	55,882
GST	11,207	5,315
Income in Advance	81,062	67,342
Total Trade and other payables	175,948	128,539
Total Current Liabilities	1,257,417	516,124
Non-Current Liabilities		
14 Bowen Street deferred payment	180,000	-
Lease Payable	125,927	89,948
Non-current portion of loans		
ANZ Loans - non-current	1,766,000	1,592,000
MDC loans - non-current	3,409,382	2,794,171
MidCentral Health Board - Cleverly Deferred Settlement	-	590,000
Total Non-current portion of loans	5,175,382	4,976,171
Total Non-Current Liabilities	5,481,309	5,066,118
Total Liabilities	6,738,725	5,582,242
Net Assets	23,488,251	18,594,110
Equity		
Asset Revaluation Reserve	9,990,219	5,690,210
Contributed Capital	10	-
Current Year Earnings	258,882	34,576
Retained Earnings	13,239,140	12,869,323
Total Equity	23,488,251	18,594,110

These financial statements are to be read in conjunction with the accompanying Notes and the compilation report. These statements have been compiled without undertaking an audit or review engagement.

Manawatu Community Trust
STATEMENT OF ACCOUNTING POLICIES
For the six months 31 December 2019

REVENUE

Grants. Council, government, and non-government grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met (“use or return condition”). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

Sale of goods. Revenue from the sale of goods is recognised when the goods are sold to the customer.

Sale of services. Revenue from the sale of services is recognised by reference to the stage of completion of the services delivered at balance date as a percentage of the total services to be provided.

Donated assets. Revenue from donated assets is recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the value of the asset is readily obtainable and significant.

Interest. Interest revenue is recorded as it is earned during the year.

EMPLOYEE RELATED COSTS

Wages, salaries, and annual leave are recorded as an expense as staff provide services and become entitled to wages, salaries, and leave entitlements.

Performance payments are recorded when the employee is notified that the payment has been granted.

Superannuation contributions are recorded as an expense as staff provide services.

ADVERTISING, MARKETING, ADMINISTRATION, OVERHEAD AND FUNDRAISING COSTS

These are expensed when the related service has been received.

LEASE EXPENSE

Lease payments are recognised as an expense on a straight-line basis over the lease term.

BANK ACCOUNTS AND CASH

Bank accounts and cash comprise cash on hand, cheque or savings accounts, and deposits held at call with banks.

DEBTORS

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

INVESTMENTS

Investments comprise investments in term deposits with banks, listed bonds and listed shares.

Deposits with banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of rental accommodation available for the elderly and disabled and property leased out and operated as an integrated health centre in Feilding. This has been classified as property plant and equipment rather than investment property as it is held to meet service delivery objectives rather than to earn rentals or for capital appreciation.

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

REVALUATION

Land and buildings (operational) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from the assets' fair value and at least every three years.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results of revaluing are credited or debited to the asset revaluation reserve in equity. Where this would result in a debit balance in the asset revaluation reserve, this balance is recognised in the Statement of Financial Performance.

ADDITIONS

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

WORK IN PROGRESS IS RECOGNISED AT COST LESS IMPAIRMENT AND IS NOT DEPRECIATED

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

DISPOSALS

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Financial Performance. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

SUBSEQUENT COSTS

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

The costs of day-to-day servicing of property, plant and equipment are recognised in the Statement of Financial Performance.

DEPRECIATION

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land (which is not depreciated), at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The residual value and useful life of an asset is reviewed and adjusted, if applicable, at each financial year end.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings	25 to 80 years	(1.25 - 4%)
Motor vehicles	5 years	(20%)
Plant and equipment	3 to 10 years	(10-33%)

IMPAIRMENT OF ASSETS

Property, plant, and equipment assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicated that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the Statement of Financial Performance. The reversal of an impairment loss is recognised in the Statement of Financial Performance.

CREDITORS AND ACCRUED EXPENSES

Creditors and accrued expenses are measured at the amount owed.

EMPLOYEE COST PAYABLE

A liability for employee costs payable is recognised when an employee has earned the entitlement.

These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date. A liability and expense for long service leave and retirement gratuities is recognised when the entitlement becomes available to the employee.

INCOME TAX

The Manawatu Community Trust has been granted charitable status by the Inland Revenue Department, and therefore is exempt from income tax.

TIER 3 PBE ACCOUNTING STANDARDS APPLIED

The Trust has elected to apply Tier 2 PBE IPSAS 17 property, plant and equipment standard for the financial year. No other Tier 2 Accounting Standards were applied in preparing the financial statements.