



MANAWATŪ COMMUNITY TRUST

SIX MONTHLY REPORT TO MANAWATU DISTRICT COUNCIL

As at 31 December 2022

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Compilation Report

Manawatū Community Trust For the 6 months ended 31 December 2022

Compilation Report to the Directors of Manawatū Community Trust.

Scope

On the basis of information provided and in accordance with Service Engagement Standard 2 Compilation of Financial Information, we have compiled the financial statements of Manawatū Community Trust for the year ended 31 December 2022.

These statements have been prepared in accordance with the accounting policies described in the Notes to these financial statements.

Responsibilities

The Trustees are solely responsible for the information contained in this financial report and have determined that the accounting policies used are appropriate to meet your needs and for the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

No Audit or Review Engagement Undertaken

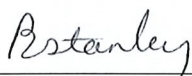
Our procedures use accounting expertise to undertake the compilation of the financial statements from information you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Independence

We have no involvement with Manawatū Community Trust other than for the preparation of financial statements and management reports and offering advice based on the financial information provided.

Disclaimer

We have compiled these financial statements based on information provided which has not been subject to an audit or review engagement. Accordingly, we do not accept any responsibility for the reliability, accuracy or completeness of the compiled financial information contained in the financial statements. Nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on this financial report.



BDO Manawatu Limited
Chartered Accountants

32 Amesbury Street
Palmerston North

Dated: 23 February 2023

Profit & Loss

Manawatū Community Trust For the 6 months ended 31 December 2022

	Actual	Budget	Var NZD	Var %
Income				
1. Rents Received				
Clevely - Rental Income	143,510	140,860	2,650▲	1.9%▲
FHC - Rental income	370,499	369,336	1,163▲	0.3%▲
HOUSING - Rental Income	861,296	851,910	9,386▲	1.1%▲
Total 1. Rents Received	1,375,304	1,362,106	13,198	1.0%
2. Interest Received				
Interest Income	824	-	824▲	0.0%
Total 2. Interest Received	824	-	824	0.0%
3. Grants & Donations				
Grants				
Local Govt funding	2,877	-	2,877▲	0.0%
Total Grants	2,877	-	2,877	0.0%
Total 3. Grants & Donations	2,877	-	2,877	0.0%
4. Other Income				
Bad Debts Recovered	523	-	523▲	0.0%
Meeting Room Income	1,644	1,000	644▲	64.4%▲
MENZSHED - Rental Income	2,600	2,602	(2)▼	-0.1%▼
Sundry Income	3,082	(810)	3,892▲	480.5%▲
Total 4. Other Income	7,849	2,792	5,057	181.1%
Total Income	1,386,855	1,364,898	21,957	1.6%
Gross Profit	1,386,855	1,364,898	21,957	2.0%
Less Operating Expenses				
1. Administration Expenses				
Accounting	6,044	2,180	3,864▲	177.2%▲
Amortisation Expense	2,758	-	2,758▲	0.0%
Audit fees	(150)	-	(150)▼	0.0%
Communications & Public Relations	4,740	10,000	(5,260)▼	-52.6%▼
Computer costs	768	2,740	(1,972)▼	-72.0%▼
Consultants Fees	143	10,000	(9,858)▼	-98.6%▼
General Expenses	502	300	202▲	67.3%▲
Insurance - Professional Indemnity	1,632	1,654	(22)▼	-1.3%▼
Legal Fees	3,648	-	3,648▲	0.0%
Meeting Room Expenses	127	500	(373)▼	-74.6%▼
Office Electricity	968	845	123▲	14.6%▲
Office maintenance	407	875	(468)▼	-53.5%▼
Office Rates	297	480	(183)▼	-38.0%▼
Office Telephone	3,835	5,100	(1,265)▼	-24.8%▼
Photocopies	543	780	(237)▼	-30.4%▼
Postage & Stationary	171	740	(569)▼	-76.9%▼

This statement has been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

	Actual	Budget	Var NZD	Var %
Subscriptions	1,150	270	880▲	325.9%▲
Trust Development Fund	4,708	5,800	(1,092)▼	-18.8%▼
Web page	784	250	534▲	213.6%▲
Vehicle expenses				
Petrol & Oil	6,291	5,700	591▲	10.4%▲
Total Vehicle expenses	6,291	5,700	591	10.4%
Total 1. Administration Expenses	39,365	48,214	(8,849)	-18.4%
2. Others				
Depreciation				
Depreciation	456,956	276,000	180,956▲	65.6%▲
Total Depreciation	456,956	276,000	180,956	65.6%
Employee costs				
Accident Compensation Levies	1,774	2,050	(276)▼	-13.5%▼
Staff other costs	1,176	1,260	(84)▼	-6.7%▼
Staff Training/Conf/Networking/Development	1,403	-	1,403▲	0.0%
Trustee Expenses	967	450	517▲	114.9%▲
Trustee Wages	52,531	52,792	(261)▼	-0.5%▼
Wages - Maintenance Staff	15,134	26,520	(11,386)▼	-42.9%▼
Wages & Salaries	154,043	141,250	12,793▲	9.1%▲
Total Employee costs	227,029	224,322	2,707	1.2%
FINANCE expenses				
Bank Charges	236	300	(64)▼	-21.5%▼
Interest Expenses	5,625	5,630	(5)▼	-0.1%▼
Total FINANCE expenses	5,861	5,930	(69)	-1.2%
Total 2. Others	689,845	506,252	183,593	36.3%
3. HOUSING Expenses				
HOUSING - General expenses				
Hospitality Expenses	30	100	(70)▼	-70.2%▼
HOUSING - Community Building	2,190	2,630	(440)▼	-16.7%▼
HOUSING - General Expenses	57	150	(93)▼	-61.9%▼
HOUSING - Healthy Homes Compliance	11,416	24,900	(13,485)▼	-54.2%▼
HOUSING - Horizons Rates	918	900	18▲	2.0%▲
HOUSING - Insurance (P & C Brokers)	108,962	113,880	(4,918)▼	-4.3%▼
HOUSING - Interest Expenses	7,240	28,690	(21,450)▼	-74.8%▼
HOUSING - Rates	67,689	71,640	(3,951)▼	-5.5%▼
HOUSING - Revaluation Expense	(2,358)	-	(2,358)▼	0.0%
HOUSING - Rubbish Removal	5,661	6,168	(507)▼	-8.2%▼
HOUSING - Water Charges	15,986	17,640	(1,654)▼	-9.4%▼
Total HOUSING - General expenses	217,790	266,698	(48,908)	-18.3%
HOUSING - Maintenance				
HOUSING - Appliances - Acquisition	1,994	-	1,994▲	0.0%
HOUSING - Building Maintenance	36,025	29,700	6,325▲	21.3%▲
HOUSING - Electricity	155	190	(35)▼	-18.5%▼

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	Actual	Budget	Var NZD	Var %
HOUSING - Grounds Maintenance	20,610	19,280	1,330▲	6.9%▲
Total HOUSING - Maintenance	58,785	49,170	9,615	19.6%
HOUSING - Major maintenance				
HOUSING - Major maintenance	22,665	17,676	4,989▲	28.2%▲
Total HOUSING - Major maintenance	22,665	17,676	4,989	28.2%
Total 3. HOUSING Expenses	299,240	333,544	(34,304)	-10.3%
4. Commerical expenses				
FHC - Maintenance				
CLEVELY - Building Maintenance	-	500	(500)▼	-100.0%▼
CLEVELY - Fire Security & Compliance	39	2,500	(2,461)▼	-98.4%▼
FHC - Building Maintenance	6,629	11,310	(4,681)▼	-41.4%▼
FHC - Fire Security and Compliance	4,689	2,500	2,189▲	87.6%▲
FHC - Generator maintenance	720	830	(110)▼	-13.3%▼
Total FHC - Maintenance	12,077	17,640	(5,563)	-31.5%
FHC General expenses				
CLEVELY - Insurance	744	10,830	(10,086)▼	-93.1%▼
CLEVELY - Interest Expense	42,725	42,000	725▲	1.7%▲
FHC - Feilding Health Care - Insurance	33,788	17,530	16,258▲	92.7%▲
FHC - General Expenses	-	50	(50)▼	-100.0%▼
FHC - Interest Expense	53,812	42,521	11,291▲	26.6%▲
FHC - Lease	16,435	17,990	(1,555)▼	-8.6%▼
FHC - Rates (Water only)	533	580	(47)▼	-8.1%▼
Total FHC General expenses	148,036	131,501	16,535	12.6%
FHC Grounds Maintenance				
CLEVELY - Grounds Maintenance	4,016	1,860	2,156▲	115.9%▲
FHC - Grounds Maintenance	3,375	1,830	1,545▲	84.4%▲
Total FHC Grounds Maintenance	7,391	3,690	3,701	100.3%
Other (14 Bowen Street & Menzshed)				
14 Bowen St - building maintenance	161	1,600	(1,439)▼	-90.0%▼
Menzshed expenses	510	1,060	(550)▼	-51.9%▼
SUNDRY - Interest Expense	480	434	46▲	10.7%▲
Total Other (14 Bowen Street & Menzshed)	1,151	3,094	(1,943)	-62.8%
Total 4. Commerical expenses	168,656	155,925	12,731	8.2%
Total Operating Expenses	1,197,105	1,043,935	153,170	14.7%
Net Profit	189,750	320,963	(131,213)	-41.0%

This statement has been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

Balance Sheet

Manawatū Community Trust As at 31 December 2022

31 Dec 2022 31 Dec 2021

Assets

Current Assets

Accounts Receivables

Prepayments	68,749	46,258
Trade Debtors	204,786	65,582
Total Accounts Receivables	273,535	111,841

Bank

ANZ - Term Deposit	-	1,000,000
Commercial Flexi Facility	(389,860)	(938)
MCT - B.Savings Account	1,777	166,511
MCT - Current Account	76,839	409,052
MCT Debit Card	4,606	-
Petty Cash	515	1,247
Total Bank	(306,122)	1,575,872

Total Current Assets

(32,587) 1,687,712

Fixed Assets

Fixed Assets	39,875,327	34,221,715
Total Fixed Assets	39,875,327	34,221,715

Non-current Assets

Deferred GST	11,752	11,752
Intangibles	3,191	8,709
Total Non-current Assets	14,944	20,461

Total Assets	39,857,683	35,929,888
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Liabilities

Current Liabilities

Lease Payable - Current	5,901	35,979
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Current portion of term loans

ANZ Bank loan	216,000	216,000
MDC Loans	339,448	276,870
Total Current portion of term loans	555,448	492,870

Employee Entitlements

Accrued salary and wages	8,542	6,958
Annual Leave Entitlement	27,433	23,242
PAYE Accruals	13,478	9,754
Total Employee Entitlements	49,452	39,954

Trade and other payables

Accounts payables	110,723	354,892
Credit Card - T Hague	2,765	-
GST	21,328	(29,827)

This statement has been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.

	31 Dec 2022	31 Dec 2021
Income in Advance	105,893	82,783
MCT Credit Card	-	3,868
Sundry Expenditure Accruals	8,254	33,327
Total Trade and other payables	248,962	445,044
Total Current Liabilities	859,764	1,013,847
Non-Current Liabilities		
14 Bowen Street deferred payment	90,000	90,000
Lease Payable	119,195	110,426
Non-current portion of loans		
ANZ Loans - non-current	1,118,000	1,334,000
MDC loans - non-current	3,913,874	4,252,421
Total Non-current portion of loans	5,031,874	5,586,421
Total Non-Current Liabilities	5,241,069	5,786,847
Total Liabilities	6,100,833	6,800,694
Net Assets	33,756,850	29,129,194
Equity		
Asset Revaluation Reserve	19,053,946	14,486,289
Contributed Capital	10	10
Current Year Earnings	189,750	379,308
Retained Earnings	14,513,145	14,263,587
Total Equity	33,756,850	29,129,194

Statement of Accounting Policies

Manawatū Community Trust

For the 6 months ended 31 December 2022

Basis of Preparation

The Trust has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2million in the two years prior to 30 June 2022.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

Goods and Services Tax (GST)

The Trust is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST. The Trust also carries out transactions which fall under exempt supplies legislation for GST purposes and therefore are not applicable for GST and are recorded gross in the financial statements.

Summary of Significant Accounting Policies

Revenue

Rental/Lease Income

Rental revenue is recognised as revenue on a straight-line basis over the term of the agreement.

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

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.

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

Operation Land and buildings 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 an off-cycle asset valuation is undertaken.

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 Comprehensive Revenue and Expenses. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the Statement of Comprehensive Revenue and Expenses will be first recognised in the Statement of Comprehensive Revenue and Expenses up to the amount previously expensed, and then recognised in equity.

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 flow 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 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 - 80 years	1.25% - 4%
Motor Vehicles	5 years	20%
Plant and Equipment	3 - 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.

Intangible Assets

Recognition and measurement

Intangible assets are initially measured at cost. All of the Trust's intangible assets are subsequently measured in accordance with the *cost model*, being cost (or fair value for items acquired through non-exchange transactions) less accumulated amortisation and impairment. The Trust has no intangible assets with indefinite useful lives. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in surplus or deficit as incurred.

Amortisation

Amortisation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each amortisable intangible asset.

The estimated useful lives amortisation rates are:

- Software 3 years (2021: 3 years)

Creditors and Accrued Expenses

Creditors and accrued expenses are measured at the amount owed.

Loans

Loans are recorded at the amount borrowed from the lender. Loan balances include any interest accrued at balance that has not yet been paid.

Employee Costs 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.

Income Tax

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

Tier 2 PBE Accounting Standards Applied

The Trust has elected to apply Tier 2 Accounting Standard PBE IPSAS 17 Property, Plant and Equipment, PBE IPSAS 31 Intangible Assets and PBE IPSAS 16 Investment Property when preparing its financial statements.

Changes in Accounting Policies

The accounting policies detailed have been applied consistently to all periods presented in these financial statements except the following which addresses voluntary changes in accounting policies.

Property Plant and Equipment – NZ IPSAS 17

The Trust has reviewed the components and classes of property, plant and equipment including the depreciation rates applied relative to the estimated remaining useful life of assets provided by the independent property valuer. As a result the Trust has incorporated the services asset component into the structure component of buildings as it believes this more accurately reflects the nature of the building. In addition, the Trust has been provided an independent estimated remaining useful life of each asset component, these useful life estimations are considered more accurate than the previously utilised rates.

Furthermore, due to the size and nature of residential land and buildings the Trust has elected to separate commercial buildings, residential land and residential buildings into separate classes of assets. While this does not have an impact on the surplus or deficit of total assets of the Trust it does provide transparency. Note 6 - Property, Plant and Equipment details the new classes effective 1 July 2021.