

Manawatu Community Trust

Six monthly report to Manawatu District Council

As at 31 December 2021

For the six months 31 December 2021



COMPILATION REPORT AND DISCLAIMER OF LIABILITY TO THE TRUSTEES

Scope

We have compiled the interim management reports of Manawatu Community Trust for the six months ended 31 December 2021 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 management reports.

Purpose and responsibilities

These interim management reports are prepared for the purpose of mid year management reporting only.

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.

Bstanley

Director
BDO Manawatu Limited
Chartered Accountants
32 Amesbury Street
Palmerston North 4410

Dated: 1 March 2022

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Manawatu Community Trust For the 6 months ended 31 December 2021

	Actual	Budget	Var NZD	Var %
Income				
1. Rents Received				
FHC - Rental income	339,108	337,416	1,692▲	0.5%▲
HOUSING - Rental Income	817,339	811,260	6,079▲	0.7%▲
Total 1. Rents Received	1,156,446	1,148,676	7,770	0.7%
2. Interest Received				
Interest Income	210	50	160▲	319.8%▲
Total 2. Interest Received	210	50	160	319.8%
4. Other Income				
FHC - Sundry Income	86	-	86▲	0.0%
Maintenance Staff Recovery	15,243	18,615	(3,372)▼	-18.1%▼
MDC - Rates Rebate	65,912	66,320	(408)▼	-0.6%▼
Meeting Room Income	943	990	(47)▼	-4.8%▼
MENZSHED - Rental Income	2,600	2,600	-▼	0.0%▼
Overhead Recovery	-	2	(2)▼	-100.0%▼
Sundry Income	2,567	190	2,377▲	1251.0%▲
Total 4. Other Income	87,351	88,717	(1,366)	-1.5%
Total Income	1,244,007	1,237,443	6,564	0.5%
Gross Profit	1,244,007	1,237,443	6,564	1.0%
Less Operating Expenses				
1. Administration Expenses				
Accounting	1,270	2,000	(730)▼	-36.5%▼
Amortisation Expense	2,758	-	2,758▲	0.0%
Communications & Public Relations	-	10,000	(10,000)▼	-100.0%▼
Computer costs	805	720	85▲	11.8%▲
Consultants Fees	-	10,000	(10,000)▼	-100.0%▼
General Expenses	208	300	(92)▼	-30.7%▼
Insurance - Professional Indemnity	1,615	1,675	(60)▼	-3.6%▼
Legal Fees	-	10,000	(10,000)▼	-100.0%▼
Meeting Room Expenses	27	250	(223)▼	-89.4%▼
Office Electricity	797	915	(118)▼	-12.9%▼
Office maintenance	807	660	147▲	22.2%▲
Office Rates	360	420	(60)▼	-14.4%▼
Office Telephone	2,533	1,950	583▲	29.9%▲
Photocopies	814	690	124▲	17.9%▲
Postage & Stationary	494	798	(304)▼	-38.1%▼
Subscriptions	88	96	(8)▼	-8.6%▼
Trust Development Fund	5,605	-	5,605▲	0.0%
Web page	-	500	(500)▼	-100.0%▼

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

Profit & Loss



Vehicle expenses	Actual	Budget	Var NZD	Var %
Petrol & Oil	2,133	1,980	153▲	7.7%▲
Total Vehicle expenses	2,133	1,980	153	7.7%
Total 1. Administration Expenses	20,312	42,954	(22,642)	-52.7%
2. Others				
Depreciation				
Depreciation	222,268	252,024	(29,756)▼	-11.8%▼
Total Depreciation	222,268	252,024	(29,756)	-11.8%
Employee costs				
Accident Compensation Levies	1,639	1,850	(211)▼	-11.4%▼
Staff other costs	1,110	5,000	(3,890)▼	-77.8%▼
Trustee Expenses	247	750	(503)▼	-67.1%▼
Trustee Wages	50,710	48,490	2,220▲	4.6%▲
Wages & Salaries	134,725	124,200	10,525▲	8.5%▲
Total Employee costs	188,431	180,290	8,141	4.5%
FINANCE expenses				
Bank Charges	263	300	(37)▼	-12.3%▼
Interest Expenses	5,640	5,628	12▲	0.2%▲
Total FINANCE expenses	5,903	5,928	(25)	-0.4%
Total 2. Others	416,602	438,242	(21,640)	-4.9%
3. HOUSING Expenses				
HOUSING - General expenses				
Bad Debts	(133)	-	(133)▼	0.0%
Hospitality Expenses	-	200	(200)▼	-100.0%▼
HOUSING - Community Building	921	2,000	(1,079)▼	-53.9%▼
HOUSING - General Expenses	39	150	(111)▼	-73.8%▼
HOUSING - Healthy Homes Compliance	11,227	25,860	(14,633)▼	-56.6%▼
HOUSING - Horizons Rates	867	22,830	(21,963)▼	-96.2%▼
HOUSING - Insurance (P & C Brokers)	71,398	69,840	1,558▲	2.2%▲
HOUSING - Interest Expenses	6,605	20,042	(13,437)▼	-67.0%▼
HOUSING - Rates	132,231	132,660	(429)▼	-0.3%▼
HOUSING - Revaluation Expense	230	-	230▲	0.0%
HOUSING - Rubbish Removal	5,160	6,600	(1,440)▼	-21.8%▼
HOUSING - Water Charges	11,465	16,320	(4,855)▼	-29.7%▼
Total HOUSING - General expenses	240,011	296,502	(56,491)	-19.1%
HOUSING - Maintenance				
HOUSING - Appliances - Acquisition	567	-	567▲	0.0%
HOUSING - Building Maintenance	31,935	51,000	(19,065)▼	-37.4%▼
HOUSING - Electricity	-	360	(360)▼	-100.0%▼
HOUSING - Grounds Maintenance	19,731	18,360	1,371▲	7.5%▲
Total HOUSING - Maintenance	52,233	69,720	(17,487)	-25.1%
HOUSING - Major maintenance				
HOUSING - Major maintenance	34,262	24,360	9,902▲	40.6%▲
Total HOUSING - Major maintenance	34,262	24,360	9,902	40.6%
Total 3. HOUSING Expenses	326,507	390,582	(64,075)	-16.4%

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Profit & Loss



	Actual	Budget	Var NZD	Var %
4. Commerical expenses				
FHC - Maintenance				
CLEVELY - Building Maintenance	52	500	(448)▼	-89.7%▼
FHC - Building Maintenance	2,940	5,000	(2,060)▼	-41.2%▼
FHC - Fire Security and Compliance	1,786	2,544	(758)▼	-29.8%▼
FHC - Generator maintenance	720	1,232	(512)▼	-41.6%▼
Total FHC - Maintenance	5,497	9,276	(3,779)	-40.7%
FHC General expenses				
CLEVELY - Fire Security & Compliance	79	110	(31)▼	-28.2%▼
CLEVELY - Insurance	4,172	4,200	(28)▼	-0.7%▼
CLEVELY - Interest Expense	12,100	10,500	1,600▲	15.2%▲
FHC - Consultants	100	-	100▲	0.0%
FHC - Feilding Health Care - Insurance	16,960	16,590	370▲	2.2%▲
FHC - Interest Expense	37,801	44,036	(6,235)▼	-14.2%▼
FHC - Lease	17,990	17,990	(1)▼	0.0%▼
FHC - Rates (Water only)	441	580	(139)▼	-24.0%▼
Total FHC General expenses	89,642	94,006	(4,364)	-4.6%
FHC Grounds Maintenance				
CLEVELY - Grounds Maintenance	1,772	1,680	92▲	5.5%▲
FHC - Grounds Maintenance	1,772	1,686	86▲	5.1%▲
Total FHC Grounds Maintenance	3,544	3,366	178	5.3%
Other (14 Bowen Street & Menzshed)				
14 Bowen St - building maintenance	1,023	1,500	(477)▼	-31.8%▼
Menzshed expenses	441	1,267	(826)▼	-65.2%▼
SUNDRY - Interest Expense	406	502	(96)▼	-19.2%▼
Total Other (14 Bowen Street & Menzshed)	1,869	3,269	(1,400)	-42.8%
Total 4. Commerical expenses	100,552	109,917	(9,365)	-8.5%
Total Operating Expenses	863,972	981,695	(117,723)	-12.0%
Net Profit	380,034	255,748	124,286	49.0%

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Manawatu Community Trust As at 31 December 2021

31 Dec 2021

31 Dec 2020

Assets

Current Assets

Accounts Receivables

Prepayments	46,258	42,211
Trade Debtors	65,582	68,187
Total Accounts Receivables	111,841	110,398

Bank

ANZ - Term Deposit	1,000,000	400,000
Commercial Flexi Facility	(938)	(938)
MCT - B.Savings Account	166,511	160,681
MCT - Current Account	409,052	282,233
Petty Cash	1,187	267
Total Bank	1,575,812	842,243

Total Current Assets

1,687,652 **952,641**

Fixed Assets

Fixed Assets	34,221,715	28,673,871
Total Fixed Assets	34,221,715	28,673,871

Non-current Assets

Deferred GST	11,752	23,491
Intangibles	8,709	-
Total Non-current Assets	20,461	23,491

Total Assets

35,929,828 **29,650,003**

Liabilities

Current Liabilities

14 Bowen Street deferred payment - current	-	90,000
Lease Payable - Current	35,979	35,979

Current portion of term loans

ANZ Bank loan	216,000	216,000
MDC Loans	276,870	270,578
Total Current portion of term loans	492,870	486,578

Employee Entitlements

Accrued salary and wages	6,958	7,696
Annual Leave Entitlement	23,242	14,440
PAYE Accruals	9,754	6,597
Total Employee Entitlements	39,954	28,733

Trade and other payables

Accounts payables	354,107	77,674
GST	(29,827)	12,477
Income in Advance	82,783	81,078

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Balance Sheet



	31 Dec 2021	31 Dec 2020
MCT Credit Card	3,868	1,560
Sundry Expenditure Accruals	33,327	1,500
Total Trade and other payables	444,258	174,290
Total Current Liabilities	1,013,061	815,579
Non-Current Liabilities		
14 Bowen Street deferred payment	90,000	90,000
Lease Payable	110,426	104,447
Non-current portion of loans		
ANZ Loans - non-current	1,334,000	1,550,000
MDC loans - non-current	4,252,421	3,130,303
Total Non-current portion of loans	5,586,421	4,680,303
Total Non-Current Liabilities	5,786,847	4,874,750
Total Liabilities	6,799,909	5,690,329
Net Assets	29,129,920	23,959,674
Equity		
Asset Revaluation Reserve	14,486,289	9,990,219
Contributed Capital	10	10
Current Year Earnings	380,034	286,498
Retained Earnings	14,263,587	13,682,948
Total Equity	29,129,920	23,959,674

This statement has been compiled without undertaking an audit engagement or review engagement and should be read with the Compilation Report-Disclaimer of Liability and Notes to the Financial Statements.

Manawatu Community Trust
STATEMENT OF ACCOUNTING POLICIES
For the six months 31 December 2021

PURPOSE AND BASIS OF PREPARATION

These interim management reports for Manawatu Community Trust have been prepared for mid year management reporting purposes only. The reports may not be appropriate for purposes other than that described.

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

For the purposes of management reporting the Tier 3 public benefit entity simple format reporting accounting standards have been considered by the Trust where appropriate, with the exception of the Tier 2 PBE IPSAS 17 Property, plant and equipment standard being applied.

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

GOODS AND SERVICES TAX

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 reports.

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 revaluings 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.

CHANGES IN ACCOUNTING POLICIES

The policies set out above have been applied consistently to all periods presented in these management reports.