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MANAWATŪ COMMUNITY TRUST

ANNUAL REPORT

For the year ended 30 June 2021



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Chairman's Report

Manawatu Community Trust
For the year ended 30 June 2021



On behalf of the Trustees of the Manawātū Community Trust I am pleased to present our Annual Report for the year ending 30 June 2021.

It has been a busy year for the Trust, continuing the planning and preparation work for projects that will come to fruition over the coming 2 to 3 years. I'd like to highlight three things in this report:

- Farewell to long-serving Trustees
- Progressing our capital projects
- Meeting the challenges ahead.

Farewell to long-serving Trustees

Our previous Trust Chair, John Culling, and two Trustees Mary Ann Baskerville and Colin McJannett ended their time with the Trust in 2021. All three have served their community superbly well through their involvement with the Trust since their appointment back in 2008. Their skills as navigators meant that after some 13 years of hard graft, the Trust is in a far healthier state than when they took over. While each of their contributions was valuable over their terms, a particular note of thanks should go to John Culling who Chaired the Trust very ably during his time.

We also welcomed three new Trustees in 2020/21 – Joanne Shortall, Tracey Hunt, and Liam Greer. All three bring with them an impressive set of skills that the Trust will be able to draw on in coming years. Both Tony Murphy and I have appreciated the enthusiasm that Joanne, Tracey, and Liam have brought with them, and how constructively they have contributed since joining the Trust.

Progressing our capital projects

It is easy to underestimate the amount of work that goes in to preparing for capital projects. In 2020/21 the Trust has got closer to actioning both the redevelopment of the Clevely Wing at the Feilding Health Centre and the building of 12 new units on land the Trust owns on Beattie Street, Feilding (known as Corrick Court). Designs for each were completed and consents submitted, meaning we expect to get these underway in the 2021/22 year. Both will be significant contributions to our community once finished.

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While these two projects are the 'big-ticket' items, it is important to not forget the smaller works that occur:

- A further 5 flats were refurbished and 2 more partially refurbished. This was lower than our target mainly due to COVID interruptions.
- Over the last year we successfully acquired a vacant section that adjoins one of our existing blocks of flats and have progressed discussions to secure additional land for future housing.
- Improving our asset management information so that we can better understand when and how to invest in refurbishment and redevelopment of our flats.

We have also had to prepare to meet the Government's new healthy homes requirements from 1 July 2021. Any new tenancy must have a heat pump and other ventilation gear installed within 90 days, and all of our existing units will have these done by the end of 2024. We support the intent of the requirements, but some of the implementation details imposed on us will result in significantly higher costs than alternative heating solutions.

Meeting the challenges ahead

As a Trust we recognise the housing challenges that our community faces. To date our mandate has been around housing for the elderly and also disabled residents of the Manawatū. Continuing to meet the needs of these two groups means we need to increase from 205 units to 250 units by 2030. Manawatū District Council's draft Housing Strategy has shown that a number of other groups in our community face severe housing issues. We are committed to working with Council to explore whether we are able to address any of these issues, either through expanding what we do or through working with others.

Achieving this will mean we need to think innovatively about how we are funded. Both the Manawatū District Council and ANZ Bank support us with borrowing, but this is unlikely to be enough to fund the \$10 million plus needed. As a Trust we have therefore started exploring other avenues such as:

- Opportunities to raise funding from our community through impact investment.
- Whether becoming a registered Community Housing Provider would increase our ability to access government funds.

It seems odd to have to explore these avenues when our net assets have increased to over \$28.7 million, and we are able to generate an operating surplus of around \$460,000 after depreciation. But those numbers add up to a return on assets of less than 1.6% - hardly the secret to long-term growth or sustainability.

Those who work for us and with us

One of our keys to success are the people who work for us and with us. None of the above would be possible without our staff, our community partners, and the local industry who work with us.

Our Trust Manager Kevin Petersen and his team have continued to deliver a high-quality service to our tenants and improve our way of working, despite the uncertainty that comes with a COVID-19 environment. Two new staff joined us in the last year – Donna Cribb who supports our Housing Manager with tenancy matters, and Steve Cutts who carries out a wide range of maintenance duties.

I would like to mention both Manchester House Social Services and the Feilding Menzshed for their invaluable work. Manchester House has done a great job in making sure the Bowen Street Senior Citizens Hall is well used, servicing the older age group in our District. Menzshed's activities are very popular, and we will work with them on options to accommodate any expansion they need.

The Manawatū Community Trust is also proud to work with local contractors and retailers, whether that is large construction firms like Colspec Construction Limited and Humphries Construction, all the way through to the small businesses and individual tradespeople who do painting, grounds maintenance, rubbish removal, plumbing and electrical work for us. Well over \$1.5 million a year gets paid to these local contractors and retailers.



Tyson Schmidt
Chairman

Date: 22/12/2021.



Entity Information

Manawatu Community Trust For the year ended 30 June 2021

Legal Name

The Manawatu Community Trust (the Trust)

Entity Type and Legal Basis

The Trust is incorporated in New Zealand under the Charitable Trusts Act 1957. The Trust is controlled by The Manawatu District Council as a council-controlled organisation as defined in section 6 of the Local Government Act 2002.

The Trust's Purpose or Mission

The primary objective of the Trust is to promote and provide housing, health and wellbeing services that are relevant and meet the long term needs of the community.

Structure of the Trust's Operations, Including Governance Arrangements

The Trust comprises a Board of five Trustees who oversee the governance of the Trust, a Chief Executive/Trust Manager, Kevin Petersen (appointed 31 July 2018), who is responsible for the day to day management of the Trusts business and all reporting requirements of the Trust which includes reporting to the Trust Board. The Trust also employs four other people with particular responsibilities for housing, accounts and office administration. The Trustees are appointed by Manawatu District Council for a three year term. The Trust produces an Annual Statement of Intent which is approved by the Manawatu District Council, the Trust reports to Manawatu District Council on a 6 monthly basis.

Main Sources of the Trust's Cash and Resources

Rental and lease receipts received from tenants of the residential and commercial properties are the primary sources of funding to the Trust.

Trustees

Anthony Murphy

Tyson Charles Schmidt

Colin McJannett (resigned 30/06/2021)

John Culling (resigned 31/03/2021)

Mary Ann Baskerville (resigned 31/03/2021)

Joanne Shortall (appointed 17/11/2020)

Liam Greer (appointed 17/11/2020)

Tracey Hunt (appointed 17/11/2020)

Auditors

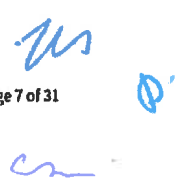
Audit New Zealand - 31 Amesbury Street, Palmerston North

Bankers

ANZ Bank New Zealand Limited – Commercial Banking PO Box 92210, Auckland 1142

Attorneys

John W Key Barristers -Solicitors - Law House 71 Kimbolton Road, Feilding



Statement of Comprehensive Revenue and Expenses

Manawatu Community Trust
For the year ended 30 June 2021

	NOTES	2021	2020
Revenue			
Residential Rents Received		1,508,852	1,487,414
Commercial Lease Receipts		674,829	672,581
Interest Revenue		1,384	6,487
Grants and Donations	1	1,500	212
Gain on Disposal of Fixed Assets		130	-
Other Revenue		27,343	73,009
Total Revenue		2,214,039	2,239,703
Expenses			
Employee Benefit Expenses	2	195,224	163,691
Costs Related to Providing Goods or Services	3	784,496	860,160
Depreciation of Property, Plant and Equipment	6	444,606	501,263
Trustees Fees	15	132,749	96,999
Interest on Borrowing		140,204	172,175
Loss on Disposal of Fixed Assets		-	1,604
Total Expenses		1,697,279	1,795,893
Surplus/(Deficit) for the Year		516,760	443,810

Am

Trustee
22/12/21

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CHAIR, MET.
22/12/2021.

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

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Statement of Financial Position

Manawatu Community Trust As at 30 June 2021

	NOTES	30 JUN 2021	30 JUN 2020
Assets			
Current Assets			
Bank Accounts and Cash	4	833,001	879,848
Debtors and Prepayments	5	166,366	145,482
GST Receivable		-	8,204
Total Current Assets		999,367	1,033,533
Non-Current Assets			
Debtors and Prepayments	5	11,752	23,491
Property, Plant and Equipment	6	33,212,191	28,534,857
Intangibles	7	10,172	-
Total Non-Current Assets		33,234,115	28,558,348
Total Assets		34,233,482	29,591,882
Liabilities			
Current Liabilities			
Creditors and Accrued Expenses	8	191,254	175,627
GST Payable		5,765	-
Current Portion Loan from MDC	9	333,793	320,288
Current Portion Loan from ANZ	9	158,917	151,012
Current Portion of Lease Payable		35,979	30,000
14 Bowen Street Deferred payment	10	90,000	-
Employee Costs Payable	11	38,956	17,301
Total Current Liabilities		854,664	694,228
Non-Current Liabilities			
Loan from MDC	9	2,932,413	3,214,052
Loan from ANZ	9	1,499,083	1,722,988
Lease Payable		107,437	107,437
14 Bowen Street Deferred payment	10	90,000	180,000
Total Non-Current Liabilities		4,628,933	5,224,477
Total Liabilities		5,483,597	5,918,705
Total Assets less Total Liabilities (Net Assets)		28,749,886	23,673,177
Accumulated Funds			
Capital Contributed by Owners or Members	12	10	10
Accumulated Surpluses or (Deficits)	12	14,263,587	13,682,948
Asset Revaluation Reserve	12	14,486,289	9,990,219
Total Accumulated Funds		28,749,886	23,673,177

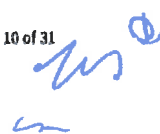
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Statement of Cash Flows

Manawatu Community Trust
For the year ended 30 June 2021

	2021	2020
Cash flows from operating activities		
Receipts from residential rents	1,508,852	1,494,519
Receipts from commercial lease	678,028	670,638
Interest receipts	1,384	6,487
Donations, fundraising and other similar receipts	28,974	72,909
Net GST movement	12,469	(21,646)
Payments to suppliers and employees	(1,090,994)	(1,167,368)
Interest paid	(128,132)	(170,712)
Net cash from operating activities	1,010,581	884,827
	2021	2020
Cash flows from investing activities		
Receipts from sale of property, plant and equipment	-	1,034
Receipts from maturing investments	-	1,100,000
Payments to acquire property, plant and equipment	(573,295)	(464,763)
Payments of investments	-	(1,100,000)
Net cash from investing activities	(573,295)	(463,729)
	2021	2020
Cash flows from financing activities		
Proceeds from loans	-	3,000,000
Repayments of loans	(484,134)	(2,929,640)
Net cash from financing activities	(484,134)	70,360
	2021	2020
Cash and cash equivalents		
Net (decrease)/increase in cash for the year	(46,847)	491,458
Add opening bank accounts and cash	879,848	388,390
Closing bank accounts and cash	833,001	879,848



Statement of Accounting Policies

Manawatu Community Trust For the year ended 30 June 2021

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 2020.

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 Fellding. 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. Land and buildings is one class of assets.

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	(1.25-4.00%)
Motor vehicles	5 years	(20.00%)
Plant and equipment	3 to 10 years	(10.00-33.00%)

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 (2020: Nil)

Creditors and Accrued Expenses

Creditors and accrued expenses are measured at the amount owed.

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 Manawatu 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 and PBE IPSAS 31 Intangible Assets when preparing its financial statements.

Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.



Notes to the Performance Report

Manawatu Community Trust For the year ended 30 June 2021

	2021	2020
1. Grants and Donations		
Donations	1,500	212
Total Grants and Donations	1,500	212

	2021	2020
2. Employee-Related Costs		
Staff Related Expenses	178,502	152,097
Superannuation Contributions	7,156	4,966
Increase/(Decrease) in Employees' Annual Leave	9,566	6,628
Total Employee-Related Costs	195,224	163,691

	2021	2020
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3. Costs of Providing Goods and Services

Housing

Bad Debt Expense	7	1,734
Electricity	904	732
General Expenses	2,204	2,341
Healthy Homes Compliance	13,307	-
Maintenance	88,507	138,431
Major Maintenance	51,875	44,123
Property Insurance	130,358	116,590
Rates	142,555	123,618
Rubbish Removal	11,314	12,912
Valuation Expenses	17,250	46,815
Volumetric Water Charges	43,209	43,203
Total Housing	501,489	530,498

FIFHC Expenses

General Expenses	4,908	7,284
Grounds Maintenance	12,348	21,508
Lease Expense	35,979	35,979
Property Insurance	42,278	42,170
Rates	1,583	1,498
Repairs & Maintenance	52,378	31,652
Valuation Expenses	3,200	6,175
Rental Discount - Covid	41,240	85,291
Total FIFHC Expenses	193,914	231,557

Bowen Street Expenses

Maintenance	-	575
Property Expenses	-	6,137
Total Bowen Street Expenses	-	6,712



	2021	2020
Administration		
Accounting Fees	14,125	25,297
Amortisation Expense	5,086	-
Audit Fees	28,247	27,029
Bank Charges	605	654
Legal Fees	3,639	1,500
Non Property Insurances	3,144	3,485
Office Expenses	16,602	14,948
Printing & Stationery	1,389	1,141
Project Mobility Expenses	-	102
Telephone & Tolls	4,691	6,769
Trustee Expenses	3,475	2,772
Valuations of Potential Capital Purchases	4,063	3,496
Vehicle Expenses	4,026	4,200
Total Administration	89,093	91,393
Total Costs of Providing Goods and Services	784,496	860,160
	2021	2020

4. Cash at bank and In hand

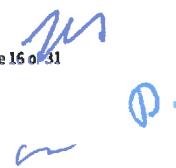
	2021	2020
Bank accounts and cash		
ANZ - MCT Cheque Account	272,353	164,262
ANZ - MCT Savings Account	560,966	716,243
ANZ - MCT Commercial Flexi Facility	(939)	(938)
Petty Cash	621	281
Total Cash at bank and In hand	833,001	879,848
	2021	2020

5. Debtors and Prepayments

	2021	2020
Trade receivables	17,923	19,787
Prepayments	136,704	125,695
Deferred GST receivable - Current Portion	11,739	-
Deferred GST receivable - Non-current Portion	11,752	23,491
Total Debtors and Prepayments	178,118	168,973

The carrying value of debtors and prepayments approximates their fair value. The trade receivables have been individually assessed as impaired where the tenant has vacated the premises and management have concluded that it is remote that the overdue amounts will be recovered. The amount of trade receivables written off during the period was \$Nil (30 June 2020: \$2,022).

The Trust holds no collateral as security against these financial assets.



6. Property, Plant and Equipment 2021

Cost	Land, Buildings & Improvements	Work in Progress	Plant & Equipment	Vehicles	Total
Opening 1 July 2020	28,878,665	110,479	56,598	19,800	29,065,542
Additions	262,560	292,242	7,786	-	562,588
Sales	-	-	(596)	-	(596)
Revaluation - movement	4,496,070	-	-	-	4,496,070
Work in progress transferred to capital	122,079	(122,079)	-	-	-
Revalued Accumulated Depreciation	(863,374)	-	-	-	(863,374)
Closing Cost Amount	32,896,000	280,642	63,788	19,800	33,260,230
Accumulated Depreciation					
Opening Accumulated Depreciation	(492,788)	-	(29,562)	(8,335)	(530,685)
Prior Period Error Correction (Refer to Note 18)	63,829	-	-	-	63,829
Depreciation Expense	(434,415)	-	(7,161)	(3,030)	(444,606)
Reversal Accumulated Depreciation	-	-	49	-	49
Revalued Accumulated Depreciation	863,374	-	-	-	863,374
Closing Accumulated Depreciation	-	-	(36,674)	(11,365)	(48,039)
Net book value					
As at 1 July 2019	28,380,004	165,648	25,088	3,258	28,573,998
As at 30 June 2020	28,449,706	110,479	27,036	11,465	28,598,686
As at 30 June 2021	32,896,000	280,642	27,114	8,435	33,212,191



Property, Plant and Equipment 2020

Cost	Land, Buildings & Improvements	Work in Progress	Plant & Equipment	Vehicles	Total
Opening 1 July 2019	28,380,004	165,648	48,700	24,730	28,619,082
Additions	365,636	79,791	10,933	10,430	466,790
Sales	-	-	(3,035)	(15,360)	(18,395)
Work in progress transferred to capital	133,025	(133,025)	-	-	-
Work in progress transferred to maintenance	-	(1,934)	-	-	(1,934)
Closing Cost Amount	28,878,665	110,479	56,598	19,800	29,065,542
Accumulated Depreciation					
Opening accumulated depreciation	-	-	(23,612)	(21,473)	(45,085)
Depreciation expense	(492,788)	-	(6,254)	(2,222)	(501,264)
Reverse accumulated depreciation	-	-	304	15,360	15,664
Closing Accumulated Depreciation	(492,788)	-	(29,562)	(8,335)	(530,685)
Net book value					
As at 1 July 2018	23,950,000	37,106	25,527	5,628	24,018,261
As at 30 June 2019	28,380,004	165,648	25,088	3,258	28,573,998
As at 30 June 2020	28,385,877	110,479	27,036	11,465	28,534,857

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Land and buildings were revalued as at 30 June 2021 using an independent valuer (Morgans). In estimating the fair value of land and buildings, the Fair Value method was used under a highest and best use scenario.

The Fair Value method does make significant use of observable prices in active markets and recent market transactions on arm's length basis. The Highest and Best Use is defined as the most probable use of the asset that is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value.

Significant assumptions in the 30 June 2021 valuation of residential property include market rents and market yields:

- Market rents for a unit range from \$160/pw - \$340/pw
- Market yields ranged from 2.45%, or 5.06% excluding surplus land - 7.89%. The yield of 2.45% related to a property with a large amount of surplus land. The yield on the assessed market rental excluding surplus land is 5.06%.

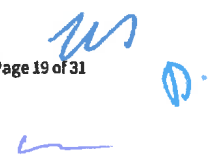
Significant assumptions in the 30 June 2021 valuation of the FHC include rental increase and capitalisation rate:

- Rental increase of 2%
- Capitalisation rates of 7.25% - 7.75% on actual rentals.

The land and buildings situated at 100 Awahuri Street Feilding, with a valuation of \$3.7m as at 30 June 2021 are pledged as a security for the loan advanced by Manawatu District Council to the Trust. Land and buildings situated at 1-7 Duke Street, with a valuation of \$8.7m as at 30 June 2021, are pledged as a security for the loan advanced by ANZ. ANZ also holds a General Security Agreement of the Assets of the Trust (Please refer to note 9 for more information on loans). There are no other restrictions over the title of the Trust's property, plant and equipment.

7. Intangible Assets

Cost	Software
Opening 1 July 2020	-
Additions	15,258
Closing Cost Amount	15,258
Accumulated Amortisation	
Opening Accumulated Amortisation	-
Amortisation	5,086
Closing Accumulated Amortisation	5,086
Net Book Value	10,172
As at 1 July 2019	-
As at 30 June 2020	-
As at 30 June 2021	10,172



	2021	2020
8. Creditors and Accrued Expenses		
Trade Creditors	96,265	86,984
Other Creditors	64,463	57,893
Income In Advance	30,526	30,750
Total Creditors and Accrued Expenses	191,254	175,627

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

	2021	2020
9. Borrowings		
Manawatu District Council Loans A & B		
Total Outstanding	650,979	753,152
Less:		
Current Portion	104,862	99,736
Term Portion	546,117	653,417
Manawatu District Council - Fellding Integrated Family Health Centre		
Total Outstanding	1,575,782	1,737,947
Less:		
Current Portion	164,283	160,885
Term Portion	1,411,499	1,577,062
Manawatu District Council - 14 Bowen Street		
Total Outstanding	39,445	43,240
Less:		
Current Portion	3,895	3,686
Term Portion	35,550	39,554
Manawatu District Council - LTP Loan 1		
Total Outstanding	1,000,000	1,000,000
Less:		
Current Portion	60,753	55,982
Term Portion	939,247	944,018
ANZ Term Facilities - Fellding Integrated Family Health Centre		
Total Outstanding	1,658,000	1,874,000
Less:		
Current Portion	158,917	151,012
Total Less:	158,917	151,012
Term Portion	1,499,083	1,722,988
Total Term Loans	4,431,496	4,937,040

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Manawatu District Council Loans A & B

Interest is incurred at the Council's borrowing rate of 2.60% p.a. for the twelve months ended 30 June 2021 (interest rate of 3.40% p.a. for year ended 30 June 2020). The loan from Manawatu District Council is secured by way of registered first mortgage over the land owned by the Trust at 100 Awahuri Road Feilding.

Manawatu District Council - Feilding Integrated Family Health Centre

The loan was granted by the Council to assist with the development of the Feilding Integrated Family Health Centre. The interest rate applicable to the interest bearing portion of the loan at 30 June 2021 was 2.60% (30 June 2020: 3.40%). No security is held for this loan.

Manawatu District Council - 14 Bowen Street

The loan was granted by the Council to assist with the purchase of 14 Bowen Street. The interest rate applicable to the interest bearing portion of the loan at 30 June 2021 was 2.60% (30 June 2020: 3.40%). No security is held for this loan.

Manawatu District Council - LTP Loan 1

The term of the loan is 15 years from the date of the first drawing (18th November 2019). The interest rate applicable to the interest bearing portion of the loan at 30 June 2021 was 2.42% (30 June 2020: 2.42%). No security is held for this loan.

ANZ Term Facilities - Feilding Integrated Family Health Centre

ANZ Term Loan 1001 is for 36 months with interest rate at 30 June 2021 was floating at 3.60% with a service line fee of 0.75%. Maturity date for this loan is set at 30 November 2022. ANZ holds a General Security Agreement of the assets of the Trust. This loan has been refinanced and proceeds have been used to repay previous loans.

The Trust has access to an ANZ Commercial Flexi Facility of \$1,500,000 which is an on-demand facility and can be repaid at any time and interest is incurred at 3.24%. As at 30 June 2021 \$938 was drawn down (2020: \$938).

	2021	2020
10. 14 Bowen Street - Deferred Settlement		
Total Outstanding	180,000	180,000
Less:		
Current Portion	90,000	-
Term Portion	90,000	180,000

The remaining \$180,000 is due in two parts. The first instalment is due on 6 July 2021 and the second instalment is due on 6 July 2024. No interest is due on this deferred settlement.

	2021	2020
11. Employee Costs Payable		
Annual Leave	14,506	7,636
Salary and Wage Accrual	24,450	9,665
Total Employee Costs Payable	38,956	17,301

There has been no provision for sick leave or long service leave allowed.

	2021	2020
12. Trust Equity		
Capital contributed by owners or members		
Share capital	10	10
Total Capital contributed by owners or members	10	10
Accumulated surpluses or (deficits)		
Retained earnings/Accumulated funds	13,682,997	13,239,138
Prior Period Error Correction (Refer to Note 16)	63,829	-
Current year earnings	516,760	443,810
Total Accumulated surpluses or (deficits)	14,263,587	13,682,948
Asset Revaluation Reserve		
Opening Balance	9,990,219	9,990,219
Gain on revaluation of Property, Plant and Equipment	4,496,070	-
Total Asset Revaluation Reserve	14,486,289	9,990,219
Total Trust Equity	28,749,886	23,673,177

13. Statement of Commitments

Operating Lease Commitments

Land lease for Feilding Integrated Family Health Centre

The Trust has entered into a 34 years and 11 months lease of the land effective from 13 April 2015. Under the terms of the agreement the Trust received a five year rental holiday, which expired on 13 April 2020. Should the lease not be renewed at the end of the 36 year term the Trust will sell the buildings to the Lessor at a prescribed purchase price. The amounts payable as operating commitments are as follows:

	2021	2020
Land Lease		
Not later than one year	30,000	30,000
Later than one year and not later than five years	120,000	120,000
Later than five years	710,000	740,000
Total Land Lease	860,000	890,000

Capital Commitments

The Manawatu Community Trust has no capital commitments as at 30 June 2021 (30 June 2020: Nil).

All commitments are stated exclusive of GST.




14. Related Party Transactions

The Manawatu Community Trust is a Council Controlled Organisation of Manawatu District Council. The related party transactions are within a normal supplier or client/recipient relationship on terms and conditions no more favourable or less favourable than those that is reasonable to expect the Trust would have adopted in dealing with the party at arm's length in the same circumstances, except for the \$2,500,000 loan from the Manawatu District Council that interest is only charged on 50% of the outstanding loan balance.

No provision has been required, nor any expense recognised, for the impairment of receivables from related parties.

The Trustees are considered key management personnel. Other than fees in note 16 there were no other benefits paid to Trustees. Additional payments were made to Trustees to reimburse for costs incurred such as travel.

	2021	2020
The following transactions were carried out with related parties:		
Loan repaid during the period	268,136	258,144
Rates to MDC	126,320	109,695
Volumetric water charges by MDC	44,792	44,701
Interest to MDC	65,278	74,050
	2021	2020

Amounts owing at balance date to related parties:

	2021	2020
Manawatu District Council	46,222	40,217
Loan outstanding to MDC at period end	3,266,206	3,534,340
Interest payable at period end	2,017	2,017
	2021	2020

15. Trustee Fees

	2021	2020
John Culling	20,833	25,000
Mary Ann Baskerville	15,000	18,000
Collin McJannett	19,500	18,000
Anthony Murphy	19,500	18,000
Tyson Schmidt (Chairman)	24,166	18,000
Joanne Shortall	11,250	-
Liam Greer	11,250	-
Tracey Hunt	11,250	-
Total Trustee Fees	132,749	97,000

Trustees fees in 2021 include an accrual of services rendered during June 2021 and paid in July 2021.

16. Statement of Contingent Assets and Liabilities

The Manawatu Community Trust is not aware of any contingent assets and liabilities as at 30 June 2021 (30 June 2020: Nil).

17. Capital Management

The Trust's capital is its equity, which comprises Trust capital and retained surpluses. Equity is represented by net assets. The Trust deed requires the Trustees to manage all aspects of the business prudently. The Trust's equity is largely managed as a by product of managing all financial dealings. The objective of managing the Trust's equity is to ensure the Trust effectively achieves its objectives and purpose, whilst remaining a going concern.

18. Prior Period Error Correction

The Trust incorrectly calculated depreciation in the previous financial year resulting in an overstatement of depreciation and a corresponding understatement of property, plant and equipment at 30 June 2020. The amount of the error is \$63,829 which the Trust has corrected by adjusting the 1 July 2020 balances for the following items in the Statement of Financial Position in the current financial year:

- Decreased property, plant and equipment - accumulated depreciation by \$63,829
- Increased accumulated surpluses or (deficits) by \$63,829.

The comparatives have not been corrected as per the requirements of the Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) accounting standard.

19. Legislative Compliance

The Trust presented its Performance Report in September 2021 but due to external Covid-19 related factors was unable to complete its Performance Report until 21 December 2021 and therefore did not meet the requirements of section 67 of the Local Government Act 2002 which requires the Board of Directors to complete the Group's Performance Report within 5 months after the end of the financial year.

20. Events After Balance Date

On 13th & 15th December 2021, the Manawatu District experienced a flooding event which resulted in 7 of the flats owned by the Trust being flooded. As a result thereof the tenants have had to be temporarily relocated and work is underway to reinstate the flats. The Trust has sufficient insurance cover in place to cover the cost of reinstatement. The full costs is unknown but not likely to be material to the financial statements.



Statement of Intent

**Manawatu Community Trust
For the year ended 30 June 2021**

This Statement of Intent covers the year 1 July 2020 to 30 June 2021

PURPOSE

The purpose of this statement of intent is to

- (a) state publicly the activities and intentions of this council-controlled organisation for the year and the objectives to which those activities will contribute; and
- (b) provide an opportunity for shareholders¹ to influence the direction of the organisation; and
- (c) provide a basis for the accountability of the directors² to their shareholders for the performance of the organisation.

OBJECTIVES OF THE COUNCIL CONTROLLED ORGANISATION

1. Section 59 of the Local Government Act 2002 provides:

Principal objective of a council-controlled organisation

(1) The principal objective of a council-controlled organisation is to

- (a) achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the statement of intent; and
- (b) be a good employer; and
- (c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- (d) if the council-controlled organisation is a council-controlled trading organisation, conduct its affairs in accordance with sound business practice.

(2) In subsection (1)(b), good employer has the same meaning as in clause 36 of Schedule 7 of the Local Government Act 2002.

¹ 'Shareholders' include any partners, joint venture partners, members or other persons holding equity securities in relation to the organisation. In this case the shareholders will be the Mayor and the Councillors of the Manawatu District Council.

² 'Directors' and the 'Board' include trustees, managers or office holders (however described in the organisation).

NATURE AND SCOPE OF ACTIVITIES

Nature

The Nature of the Trust is to promote and provide housing and wellbeing services that are relevant and meet long term community needs.

Scope

The Trust is a robust, professional, and viable organisation that is providing a modern healthy living environment, up to date, good quality, sustainable housing and health facilities that address the needs of the community to enhance the long term wellbeing of Manawatu residents.

OBJECTIVES OF THE MANAWATU COMMUNITY TRUST

The objectives of the Manawatu Community Trust as identified in its Deed of Trust are:

1. Any charitable purpose within the Manawatu District
2. To create a fund to be used for:
 - 2.1 The promotion of any purpose or purposes within the Manawatu District for the relief of poverty and for the benefit of the residents of the Manawatu District.
 - 2.2 The promotion and provision of housing for the elderly and disabled residents of the Manawatu District.
 - 2.3 The promotion of health services for the residents of the Manawatu District.
 - 2.4 The promotion of wellbeing services for residents of the Manawatu District – these services shall include services promoting the improvement of the lifestyle, health and welfare of residents in the Manawatu District and creating a sense of community for the benefit of the residents of the Manawatu District.
 - 2.5 To accept gifts and grants of whatever description, provided that any private benefit conferred on any individual is incidental to the above purposes.

GOVERNANCE

Eight Trustees have been appointed by the Manawatu District Council to the Trust with terms as set out below.

- **John Culling**, Chairperson reappointed, 3 years 1 July 2017 – 31 March 2021
- **Joanne Shortall**, appointed for 3 years from 1 April 2021 – 31 March 2024
- **Mary Ann Baskerville-Davies**, reappointed, 3 years 1 July 2017 – 31 March 2021
- **Liam Greer**, appointed for 3 years from 1 April 2021 – 31 March 2024
- **Colin McJannett**, reappointed, 3 years from 1 July 2018 to 30 June 2021
- **Tracey Hunt**, appointed for 3 years from 1 July 2021 – 30 June 2024
- **Tony Murphy**, reappointed for 3 years from 1 July 2019 – 30 June 2022
- **Tyson Schmidt**, Chairperson from Oct 2020, reappointed for 3 years from 1 July 2019 – 30 June 2022

The Trust meets on a regular basis with the Trust Manager to conduct the Operational business of the Trust.

ESTIMATE OF THE AMOUNT OR PROPORTION OF ACCUMULATED PROFITS AND CAPITAL RESERVES THAT IS INTENDED TO BE DISTRIBUTED TO THE SHAREHOLDERS

The Trust uses accumulated profits and capital reserves for the development of and to increase assets, therefore there are no accumulated profits and capital reserves intended to be distributed to the shareholders.

1 JULY 2020 TO 30 JUNE 2023 THREE YEAR PERFORMANCE TARGETS AND OTHER MEASURES BY WHICH THE PERFORMANCE OF THE TRUST MAY BE JUDGED IN RELATION TO ITS OBJECTIVES:

1. A housing portfolio that provides a modern, healthy living environment for the elderly and the disabled

a. Refurbishments

Objective: The promotion and provision of housing for the elderly and disabled residents in the Manawatu district

Baseline: All occupied flats meet or exceed healthy Living Standard Regulations

Measure: Carry out refurbishment or complete upgrades on flats to ensure that they meet appropriate standards.

Target: 8 flats per annum.

Management Comment

In the 2020/21 year the Trust completed 5 flat refurbishments and started 2 more which will be completed by September 21. (2019/20 – 4 refurbishments, and 11 units re-roofed).

During this year the Trust has been working through the requirements of the Healthy Homes Regulations, specifically the heating requirements, and this has resulted in a reconsideration of the resources put to regular flat refurbishments for the reporting year and over the next three years.

b. Additional Housing Stock

Baseline: Strategic planning extends beyond 5 years.

Measure: Strategic Plan and cash flow beyond 5 years updated and actively followed.

Target: Have at least 10 new units constructed and occupied by June 2021.

Management Comment

Design for the Corrick Complex development has been finalised and has received a provisional 5 Star rating from Lifemark. Resource and Building Consents are currently being sought via MDC, and final costings will be available from our principal contractor within the first half of the 2021/22 year. Providing we do not encounter any major delays in construction due to the current shortage of building materials and tradespeople, we have an estimated completion date now of June 2022.

2. Be responsive to urgent maintenance requirements or resident health and safety needs

Objective: The promotion and provision of housing for the elderly and disabled residents in the Manawatu district

Baseline: Residents receive prompt and appropriate responses to maintenance requests.

Measures:

1. Maintenance requests from tenants are recorded electronically and are responded to in accordance with their priority.
2. Service Contractors are engaged with regard to their ability to provide prompt and reliable services to our tenants.

Targets:

1. A permanent handyman is employed to undertake all general maintenance requests as required.
2. Service contractors are engaged in accordance with the priority of the maintenance request.
3. All maintenance requests are electronically monitored to ensure efficiency and appropriateness.

Management Comment

We have employed our permanent handyman from 22 February 2021. Our electronic maintenance software has been in use for most of the year and allows our Tenancy Manager and Tenancy Support Officer to log maintenance requests from tenants as they are received and allocate them to either our handyman or specialist contractors as required. The progress of the maintenance jobs can then be monitored by MCT staff until completion.

3. Maintain a high occupancy level

Objective: The promotion and provision of housing for the elderly and disabled residents in the Manawatu district

Baseline: From year ending June 2018 - 97%

Measure: Average annual month end occupancy level

Target 97%

Management Comment

Our occupancy levels have fluctuated between 95% and 98% during the year, averaging at 97% and ending the year on 98%. (2019/20 - Between 96% and 98%)

4. Facilitate the redevelopment of Clevely Wing in Duke Street

Objective: The promotion of health and welfare services for the residents of the Manawatu District

Baseline: The Clevely wing is productively used.

Measure: The redevelopment of Clevely Wing

Target: Clevely wing productively operational by June 2023

Management Comment

The Clevely Wing development has now received Resource Consent from MDC and is awaiting Building Consent. The final costs and timeline will be available from the principal contractor during July 2021, and our estimated completion date is currently March 2022.

5. The Manawatu Community and Development

Objective: The promotion of wellbeing services for residents of the Manawatu District. These services shall include services promoting the improvement of lifestyle, health, and welfare of residents in the Manawatu District and creating a sense of community for the benefit of the residents of the Manawatu District.

Baseline: Review the recommendations made in Trust and District research reports alongside the Trust's strategic and operational planning process. (E.g. 'Encouraging Change' and 'Community wellbeing of the older persons living in Feilding')

Measure: Collaborate with groups working with older persons to explore where opportunities exist to improve or provide wellbeing services.

Target: Develop and maintain working project partnerships consistent with the Trusts vision with two other community groups by June 2023.

Management Comment

The Trust continues to work co-operatively with Manchester House and Neighbourhood Support.

6. Manawatu District Council Partnership

Objective: Collaborate with the MDC in defining, developing and refining a strategy to address housing needs for elderly and disabled residents in the Manawatu district.

Baseline Availability of suitable land and residential planning regulations have been assessed.

Measure: Agreements reached on cooperative goals.

Target: MCT has access to land for development by June 2023

Management Comment

Input into the MDC housing strategy has been given and progress made on cooperative goals to enable future developments.

ACCOUNTING POLICIES

Objective: Comply with all legislative and regulatory provisions relating to its operations and performance.

The Trust will comply with current accounting policies.

- a. Ensure that a positive financial return on investment in line with the nature and condition of the Trust's assets is achieved for re-investment and repayment of Capital Loans.

Baseline: from year ending June 2019, 54% of housing rental income was spent on capital improvements and major maintenance.

Measure: Actual percentage of housing rental income for the year spent on capital improvements and major maintenance

Target: The level of housing rental income for the year to be spent on capital improvements and major maintenance to be 45-55%

Management Comment

Our percentage of housing rental income spent on capital improvements and major maintenance during the year was 32.8%. (2019/20 – 27.7%)

While our capital and major maintenance spend has not reached the targeted range for this financial year, we have not delayed any routine or urgent maintenance for our tenants.

From late 2019 to the end of the last financial year, the Trust, like many others, has experienced significant delays in capital works (Corrick and Clevely), as well as uncertainty in future maintenance and capital spends due to the new Healthy Homes regulations, current material shortages, and a lack of available tradespeople.

We now have more certainty around the timing of our Corrick development and have every expectation that it will be completed within the 2021/22 financial year or shortly thereafter.

We are going through a process of carefully selecting the companies we will work with to comply with the Healthy Homes Regulations, and there will be a significant amount of capital spent in that area over the next three financial years.

We will also continue to refurbish units as they become untenanted.

- b. Provide financial Reporting to the Manawatu District Council as required. The Trust will apply the PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting - Accrual (Public Sector).

Baseline: From year ending June 2018, Annual report submitted by 30 September and six-monthly report submitted by 28 February

Measure: Each report is prepared and presented before due date.

Target: Report as at 30 June and as at 31 December - reported by 30 September and 28 February, respectively.

Management Comment

Year End reporting deadlines in the 2020/21 year were adjusted due to the Covid lockdown and the Trust met the new deadlines for reporting.

- c. Maintain the percentage of consolidated Trust funds in relation to total assets be no less than 60%

Baseline: From year ending June 2019 79.8%

Measure: Actual percentage as evidenced in the annual financials as at 30 June.

Target: The percentage of consolidated trust funds in relation to total assets be no less than 60%

Management Comment

At year end our total equity over assets is at 84% (2019/20 – 80%)



Tyson Schmidt
Chairperson
Manawatu Community Trust



