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MANAWATŪ COMMUNITY TRUST

MANAGEMENT REPORT

For the year ended 31 December 2023



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Compilation Report and Disclaimer of Liability

Manawatū Community Trust For the 6 months ended 31 December 2023

Compilation Report and Disclaimer of Liability 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 management reports of Manawatū Community Trust for the year ended 30 June 2023.

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

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 management reports were prepared.

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

No Audit or Review Engagement Undertaken

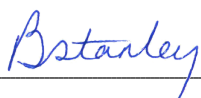
Our procedures use accounting expertise to undertake the compilation of the management reports from information you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Independence

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

Disclaimer

We have compiled these management reports 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 management reports. 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: 14 February 2024

Statement of Financial Performance

Manawatū Community Trust

For the 6 months ended 31 December 2023

	JUL-DEC 2023	JUL-DEC 2023 OVERALL BUDGET	VARIANCE	VARIANCE %
Revenue				
Rental Income				
HOUSING - Rental Income	938,910	922,980	15,930 ↑	2% ↑
14 Bowen Street property (MH) - Rent & Recovered expenses	5,862	5,200	662 ↑	13% ↑
Clevely - Rental Income	134,276	142,860	(8,584) ↓	-6% ↓
FHC - Rental income	364,898	369,330	(4,432) ↓	-1% ↓
Total Rental Income	1,443,947	1,440,370	3,577	0%
Interest Received				
Interest Income	3,638	220	3,418 ↑	1,554% ↑
Total Interest Received	3,638	220	3,418	1,554%
Grants & Donations				
Manawatu District Council grants	2,447	-	2,447 ↑	- —
Total Grants & Donations	2,447	-	2,447	-
Other Income				
Bad Debts Recovered	130	150	(20) ↓	-13% ↓
Meeting Room Income	1,887	1,450	437 ↑	30% ↑
HOUSING - Sundry Income	1,866	500	1,366 ↑	273% ↑
FHC - Sundry Income	206	260	(54) ↓	-21% ↓
MENZSHED - Rental Income	2,600	2,600	0 ↓	0% ↓
Sundry Income	4,443	80	4,363 ↑	5,454% ↑
Total Other Income	11,132	5,040	6,092	121%
Total Revenue	1,461,164	1,445,630	15,534	1%
Expenses				
Administration Expenses				
Accounting Fees	13,768	5,150	8,618 ↑	167% ↑
Audit Fees	24,495	-	24,495 ↑	- —
Bad Debts Expense	1,064	-	1,064 ↑	- —
Communications & Public Relations	300	5,000	(4,700) ↓	-94% ↓
Computer Costs	527	5,040	(4,513) ↓	-90% ↓
Consultants Fees	17,625	15,000	2,625 ↑	18% ↑
General Expenses	2,535	360	2,175 ↑	604% ↑
Hospitality Expenses	-	100	(100) ↓	-100% ↓

	JUL-DEC 2023	JUL-DEC 2023 OVERALL BUDGET	VARIANCE	VARIANCE %
Insurance - Professional Indemnity	3,383	1,700	1,683 ↑	99% ↑
Legal Fees	3,460	10,000	(6,540) ↓	-65% ↓
Meeting Room Expenses	182	300	(118) ↓	-39% ↓
Office Electricity	1,009	1,000	9 ↑	1% ↑
Office Maintenance	241	850	(609) ↓	-72% ↓
Office Rates	1,418	250	1,168 ↑	467% ↑
Office Telephone	4,379	4,080	299 ↑	7% ↑
Postage & Stationery	513	600	(87) ↓	-15% ↓
Printing and Photocopies	713	720	(7) ↓	-1% ↓
Motor Vehicle Expenses	8,436	6,460	1,976 ↑	31% ↑
Subscriptions	253	-	253 ↑	- —
Trust Development Fund	4,421	4,490	(69) ↓	-2% ↓
Web Page	873	250	623 ↑	249% ↑
Wellbeing Initiative	2,086	-	2,086 ↑	- —
Total Administration Expenses	91,682	61,350	30,332	49%
Housing Expenses				
HOUSING - Appliances - Acquisition	4,851	-	4,851 ↑	- —
HOUSING - Building Maintenance	47,555	62,580	(15,025) ↓	-24% ↓
HOUSING - Community Building	-	2,280	(2,280) ↓	-100% ↓
HOUSING - Electricity	-	180	(180) ↓	-100% ↓
HOUSING - General Expenses	50	-	50 ↑	- —
HOUSING - Grounds Maintenance	19,190	20,940	(1,750) ↓	-8% ↓
HOUSING - Healthy Homes Compliance	1,366	13,950	(12,584) ↓	-90% ↓
HOUSING - Horizons Rates	952	950	2 ↑	0% ↑
HOUSING - Insurance (P & C Brokers)	125,972	132,580	(6,608) ↓	-5% ↓
HOUSING - Rates	68,098	73,310	(5,212) ↓	-7% ↓
HOUSING - Rubbish Removal	6,875	6,200	675 ↑	11% ↑
HOUSING - Water Charges	17,862	17,450	412 ↑	2% ↑
Total Housing Expenses	292,769	330,420	(37,651)	-11%

	JUL-DEC 2023	JUL-DEC 2023 OVERALL BUDGET	VARIANCE	VARIANCE %
Commercial Expenses				
Bowen Street				
14 Bowen Street Expenses	7,691	6,670	1,021 ↑	15% ↑
Menzshed expenses	277	520	(243) ↓	-47% ↓
Total Bowen Street	7,968	7,190	778	11%
Feilding Health Centre				
FHC - Building Maintenance	11,639	22,160	(10,521) ↓	-47% ↓
FHC - Consultants	790	-	790 ↑	- -
FHC - Feilding Health Care - Insurance	38,604	34,960	3,644 ↑	10% ↑
FHC - Fire Security and Compliance	1,280	6,440	(5,160) ↓	-80% ↓
FHC - General Expenses	-	50	(50) ↓	-100% ↓
FHC - Generator maintenance	720	720	- -	- -
FHC - Grounds Maintenance	7,056	7,420	(364) ↓	-5% ↓
FHC - Lease	5,690	16,440	(10,750) ↓	-65% ↓
FHC - Rates (Water only)	1,050	560	490 ↑	88% ↑
Total Feilding Health Centre	66,830	88,750	(21,920)	-25%
Total Commercial Expenses	74,798	95,940	(21,142)	-22%
Other Expenses				
Depreciation and amortisation				
Amortisation Expense	216	-	216 ↑	- -
Depreciation	445,014	408,000	37,014 ↑	9% ↑
Total Depreciation and amortisation	445,230	408,000	37,230	9%
Employee costs				
Accident Compensation Levies	2,269	2,540	(271) ↓	-11% ↓
Staff other costs	23,673	1,250	22,423 ↑	1,794% ↑
Staff Training/Conf/Networking/Development	2,814	1,500	1,314 ↑	88% ↑
Trustee Expenses	-	1,150	(1,150) ↓	-100% ↓
Trustee Wages	54,371	56,810	(2,439) ↓	-4% ↓
Wages - Maintenance Staff	21,948	27,720	(5,772) ↓	-21% ↓
Wages & Salaries	175,322	168,310	7,012 ↑	4% ↑
Total Employee costs	280,397	259,280	21,117	8%

	JUL-DEC 2023	JUL-DEC 2023 OVERALL BUDGET	VARIANCE	VARIANCE %
Finance costs				
Bank Charges	298	300	(2) ↓	-1% ↓
Interest Expenses	143,890	182,880	(38,990) ↓	-21% ↓
Total Finance costs	144,188	183,180	(38,992)	-21%
Total Other Expenses	869,815	850,460	19,355	2%
Total Expenses	1,329,064	1,338,170	(9,106)	-1%
Surplus/(deficit) for the year	132,100	107,460	24,640	23%

Statement of Financial Position

Manawatū Community Trust As at 31 December 2023

31 DEC 2023 31 DEC 2022

Assets

Current Assets

Bank Accounts and Cash

Current Account	107,449	76,839
Savings Account	199,435	1,777
Debit Card	2,620	4,606
Petty Cash Account	31	516
Total Bank Accounts and Cash	309,535	83,738

Accounts Receivable	97,626	204,786
Prepayments	167,487	67,010
Deferred GST - Current	11,752	-
Total Current Assets	586,399	355,534

Non-current Assets

Property, plant and equipment	36,076,165	39,877,066
Intangible Assets	216	3,191
Deferred GST	-	11,752
Total Non-current Assets	36,076,381	39,892,009

Total Assets	36,662,781	40,247,543
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Liabilities

Current Liabilities

Bank Overdraft

Commercial Flexi Facility	2,831	389,860
Credit Card - T Hague	-	2,765
Total Bank Overdraft	2,831	392,625

Employee Entitlements

Accrued Wages	34,258	8,542
Annual Leave Entitlement	21,346	27,433
PAYE Payable	12,260	13,478
Total Employee Entitlements	67,864	49,452

Loans - Current Portion

ANZ Bank Loan	216,000	216,000
MDC Loans	282,873	339,448
Total Loans - Current Portion	498,873	555,448

Trade and other payables

Trade Creditors	60,509	110,732
Sundry Expenditure Accruals	36,297	8,254
Total Trade and other payables	96,806	118,986

	31 DEC 2023	31 DEC 2022
GST	15,547	21,328
Income in Advance	106,243	105,893
14 Bowen St - Deferred Payment	90,000	-
Lease Payable	8,772	5,901
Total Current Liabilities	886,937	1,249,633
Non-current Liabilities		
14 Bowen St - Deferred Payment	-	90,000
Lease Payable	112,748	119,195
Loans - Non-current Portion		
ANZ Bank Loans	902,000	1,118,000
MDC Loans	4,291,315	3,913,874
Total Loans - Non-current Portion	5,193,315	5,031,874
Total Non-current Liabilities	5,306,063	5,241,069
Total Liabilities	6,193,000	6,490,702
Net Assets	30,469,781	33,756,841
Equity		
Contributed Capital	10	10
Accumulated revenue and expense	14,910,788	14,702,886
Asset Revaluation Reserve	15,558,983	19,053,946
Total Equity	30,469,781	33,756,841

Statement of Accounting Policies

Manawatū Community Trust

For the 6 months ended 31 December 2023

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 2023.

The Trust will be required to transition to Tier 2 not-for-profit Public Benefit Entities Standards Reduced Disclosure Regime as the two most recent reporting periods exceed total annual expenses of \$2million. The impact of the transition is still being assessed, however, the Trust has already adopted Tier 2 PBE IPSAS 17 Property, Plant and Equipment and PBE IPSAS 31 Intangible Assets which will lessen the overall impact.

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

The management reports 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 management reports 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 management reports.

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:

Land	Indefinite	None
Buildings and Improvements	2- 58 years	1.72% - 50%
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 (2022: 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 and PBE IPSAS 31 Intangible Assets when preparing the management reports.

Changes in Accounting Policies

There have been no changes in accounting policies. The accounting policies detailed have been applied consistently to all periods presented in these management reports.