

Manawatu Community Trust

Annual Report
For the year ended 30 June 2020

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MANAWATU COMMUNITY TRUST

ANNUAL REPORT 30TH JUNE 2020

On behalf of my fellow Trustees I have pleasure in presenting the annual report of the Manawatu Community Trust.

The Trust has continued to develop plans to construct more units on vacant land it owns in Beattie Street. A contractor has been selected and work is underway in preparing a resource consent application. Twelve additional units are planned.

The Trust's discussions with prospective tenants in respect to the leasing of the vacant Clevly building at the Health Centre were abandoned. Subsequent to the end of the covid-19 restrictions a new opportunity is being pursued.

The Trust's search for more land has continued and two possibilities are being followed up.

Housing

The demand for the Trust's housing continues to increase and the Trust now finds itself unable to meet the demand with a resulting lengthy waiting list. While the Trust supports and will meet most of the Healthy Homes Standards introduced from 1 July 2019 the requirement to install a heat pump in every unit will place a significant additional financial cost on the Trust with no benefit to the tenant. The need to install costly heat pumps is unnecessary when the Trust can adequately heat its units with much more economical micathermic heaters that will adequately meet the heating needs of tenants. This places the Trust in a position where it will need to borrow a substantial sum that will necessitate the need to increase rents to repay the borrowings. The demands of this legislation will also impact on the Trust's ability to add to its housing stock.

Normal refurbishments and major maintenance continued as planned although the impact of covid-19 did not allow for completion of the planned programme.

The average occupancy for the year has fluctuated between 96% and 98%.

Rental policy

The Trust has made a change to its rental policy. Previously the Trust made rental changes annually from the 1st July. As is well known the Government froze rental increases during the covid-19 outbreak for six months. The Trust normally made annual rent increases from 1 July but decided to support its tenants by extending the Government's increase by a further six months. As a result, the Trust has agreed that in future the annual rental adjustments will take place from the 1st April. This has an additional advantage for tenants of bringing rental adjustments in line with increases in superannuation and other benefits that take effect from 1 April.

Staff

The Trust has benefitted during the year from having a stable workforce during the uncertainties created by the Covid-19 pandemic. Kevin Petersen is employed 24 hours per week as Trust Manager, Alison Towers 20 hours per week as Office Administrator and Valda Patton fulltime as Housing Manager. During the level 3 and 4 shutdowns staff were able to work remotely from home with little disruption to normal service delivery.

Contracted services for maintenance, electrical and plumbing services were ceased during the Level 3 and 4 lockdowns except for emergency services.

From May 2020 Kelvin Hills was employed for 20 hours per week as a maintenance support officer a position he had previously held as an independent contractor.

Trustees

John Culling	Chairman	Term due to expire 31 st March 2021
Mary Ann Baskerville		Term due to expire 31 st March 2021
Colin McJannett		Term expires 30 th June 2021
Tyson Schmidt		Term expires 30 th June 2022
Tony Murphy		Term expires 30 th June 2022

Due to the covid-19 lockdown the Manawatu District Council were unable to appoint replacement Trustees for John Culling and Mary Ann Baskerville who had indicated that they wished to retire from the Trust. As a result John Culling and Mary Ann Baskerville agreed to continue as Trustees until the 31st March 2021 and Council subsequently reappointed them to that date.

Financial

The Trust's financial position remains strong and this places the Trust in a good position for future development. While interest rates remain low and with the Trust's equity position being strong the Trust is in a good position to increase borrowing. The Trust is exploring ways to provide for capital expenditure outside of loan money and retained earnings.

Some of the features of the financial statements are;

- 1 The Trust has paid the \$590,000, being the deferred payment on the buildings purchased in Duke Street from MidCentral DHB in 2015.
- 2 The Trust granted a rental discount to Feilding Health Care Partners of \$85,291, due to the covid-19 outbreak.
- 3 Even allowing for some new borrowings the Trust has retained its equity over total assets at 80%.
- 4 The Trust had a surplus for the year of \$443,811 after allowing for depreciation.

Corrick Court (Beattie Street)

During the year planning has advanced for the development of a further 10/12 units on the Beattie Street site. A contractor, after a tendering process, has been engaged and preparations

for the lodging of a resource consent are underway. All going well construction will commence early in 2021.

The Trust continues in its endeavors to source land for future new builds.

Feilding Health Centre

The Trust during the year paid the five year deferred payment on the building purchase from MidCentral DHB. As well the rent holiday on the land rental expired. Despite the best endeavors of the Trust efforts to lease the Clevely building were unsuccessful and were abandoned. Subsequent to the end of the financial year the Trust was approached by Feilding Health Care Partners and an MOU has been signed with them for the development of Clevely.

Community Wellbeing.

The Trust has continued to liaise with community services such as Neighbourhood Support, Feilding Health Care, Police, Mental Health Services, District Nursing and Care Services regarding resident health and safety issues.

We have been exploring other forms of community housing models and care including visits to Abbeyfield in Palmerston North and the Tauranga Community Housing Trust. We keep informed on wider social housing issues through Community Housing: Nga Wharerau o Aotearoa in Wellington.

We have continued to meet with Manchester House Board, the Manawatu District Council and other community groups re the provision of current and future housing within the district.

Conclusion

As this will be my last annual report as Chairman I would like to take the opportunity to acknowledge and thank those who have assisted the Trust over the past twelve years. Firstly my fellow Trustees. We came together back in 2008 wondering what we had let ourselves in for. We quickly came up with a vision and a determination and commitment to work together to make 'it happen'. I believe that it has happened and the community now has a viable social housing portfolio to accommodate the needs of the elderly and disabled. As well the community has a first class primary health care facility.

I would also like to thank the Mayors and the Councilors whom over the twelve years have given us such strong support. While you appoint the Trustees you have just let us 'get on with it', a very successful partnership.

John Culling
Chairman.

Date:

30/11/2020



Entity Information

For the year ended 30 June 2020

Legal Name

The Manawatu Community Trust (the Trust).

Type of Entity 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 two 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
John Culling
Mary Ann Baskerville

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

Manawatu Community Trust
Statement of Financial Performance
For the year ended 30 June 2020

	Note	30 June 2020 \$	30 June 2019 \$
Revenue			
Residential rents received		1,487,414	1,361,212
Commercial lease receipts		672,681	649,813
Interest revenue		6,487	633
Grants and Donations	2	212	751
Other revenue		72,909	12,014
Total Revenue		2,239,703	2,024,424
Expenses			
Employee benefit expenses	3	163,690	241,413
Depreciation of property, plant and equipment	7	501,263	453,699
Costs of providing goods and services	4	860,160	678,075
Trustee fees	16	97,000	96,999
Interest on borrowing		172,175	184,411
Loss on disposal of fixed assets		1,604	-
Total Expenses		1,795,892	1,654,597
Surplus/(deficit)		443,810	369,827

The accompanying notes and policies form part of these financial statements.

Manawatu Community Trust
Statement of Financial Position
as at 30 June 2020

	Note	30 June 2020 \$	30 June 2019 \$
Assets			
Current assets			
Bank accounts and cash	5	879,848	388,390
Debtors and prepayments	6	153,685	109,859
Total current assets		1,033,532	498,249
Non-current assets			
Property, Plant & Equipment	7	28,534,857	28,573,998
Debtors and prepayments	6	23,491	23,491
Total non-current assets		28,558,349	28,597,489
Total Assets		29,591,881	29,095,738
Liabilities			
Current liabilities			
Creditors and accrued charges	8	175,627	200,535
Employee costs payable	12	17,301	10,415
Current portion loan from MDC	9	320,288	258,141
Current portion loan from ANZ	9	151,012	1,985,000
Current portion of lease payable		30,000	6,250
MidCentral Health Board - Deferred Settlement	10	-	590,000
Total current liabilities		694,228	3,050,341
Non-current liabilities			
Loan from MDC	9	3,214,052	2,534,343
Loan from ANZ	9	1,722,988	-
Lease Payable		107,437	101,687
14 Bowen Street Deferred Payment	11	180,000	180,000
Total non-current liabilities		5,224,477	2,816,030
Total Liabilities		5,918,705	5,866,371
Total assets less total liabilities		23,673,176	23,229,367
Trust Equity			
Contributed capital	13	10	10
Asset Revaluation Reserve	13	9,990,219	9,990,219
Accumulated surpluses/(deficits)	13	13,682,947	13,239,138
Total Trust Equity		23,673,176	23,229,367

These financial statements have been approved and authorised for issue by:

Chairman

Trustee

Date

Manawatu Community Trust
Statement of Cash flows
For the year ended 30 June 2020

Note	30 June 2020 \$	30 June 2019 \$
Cash flows from operating activities		
Receipts from residential rents	1,494,519	1,359,985
Receipts from commercial lease	670,638	642,976
Interest receipts	6,487	633
Donations, fundraising and other similar receipts	72,909	12,763
Net GST movement	(21,646)	9,176
Payments to suppliers and employees	(1,167,368)	(828,635)
Interest paid	(170,712)	(185,230)
Net cash from operating activities	884,827	1,011,668
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	(464,763)	(552,918)
Payments of Investments	(1,100,000)	-
Net cash from investing activities	(463,729)	(552,918)
Cash flows from financing activities		
Proceeds from loans	3,000,000	250,000
Repayments of loans	(2,929,640)	(535,463)
Net cash from financing activities	70,360	(285,463)
Net (decrease)/increase in cash for the year	491,458	173,287
Add opening bank accounts and cash	388,390	215,102
Closing bank accounts and cash	5 879,849	388,390

The accompanying notes and policies form part of these financial statements.

Manawatu Community Trust
Notes to the Financial Statements
For the period ended 30 June 2020

1. Statement of Accounting Policies

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 \$2 million 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

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. 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 Financial Performance. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the Statement of Financial Performance will be first recognised in the Statement of Financial Performance 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.

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 Accounting Standards applied

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

Changes in Accounting Policies

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

Notes to the Financial Statements
For the year ended 30 June 2020

2. Grants and Donations	30 June 2020	30 June 2019
	\$	\$
Anonymous	212	751
Total Grants and Donations	212	751

3. Employee-Related Costs	30 June 2020	30 June 2019
	\$	\$
Staff Related Expenses	152,096	238,937
Superannuation Contributions	4,966	5,597
Increase/(Decrease) in Employees' Annual Leave	6,628	(3,121)
Total Employee-Related Costs	163,690	241,413
Staff Related Expenses Capitalised	2,000	0
Total Employee Costs	165,690	241,413

Employer contributions to defined contribution plans include contributions to Kiwisaver.

4. Costs of Providing Goods and Services	30 June 2020	30 June 2019
	\$	\$
Housing		
Bad debt expense	1,734	1,450
Cleaning	-	1,491
Contingencies	-	(700)
Rubbish removal	12,912	11,398
Electricity	732	839
Property Insurance	116,590	103,093
Rates	123,618	140,590
Volumetric water charges	43,203	43,127
Maintenance	138,431	103,264
Major maintenance	44,123	28,930
General expenses	2,341	1,118
Valuation expenses	46,815	-
	530,498	434,602

FIFHC expenses		
General expenses	7,284	3,312
Grounds maintenance	21,508	17,663
Lease expense	35,979	35,979
Property Insurance	42,170	39,221
Rates	1,498	332
Repairs and maintenance	31,652	3,576
Valuation expenses	6,175	-
Rental discount - COVID	85,291	-
	231,557	100,082

Bowen Street expenses		
Maintenance	575	-
Valuation expenses	2,667	-
Insurance	3,470	-
	6,712	-

4. Costs of Providing Goods and Services (continued)	30 June 2020	30 June 2019
	\$	\$
Administration		
Office expenses	13,838	13,075
Postage & stationery	1,141	5,232
Telephone & tolls	6,769	8,347
Trustee expenses	2,772	4,260
Non property insurances	3,485	4,411
Audit fees	27,389	18,407
Accounting fees	25,297	23,261
Extraordinary restructure	-	25,149
Legal Fees	2,250	35,751
Bank charges	654	2,528
Vehicle expenses	4,200	2,970
Project Mobility expenses	102	-
Valuations of Potential Capital Purchases	3,496	-
	<u>91,393</u>	<u>143,391</u>
Total Cost of Providing Goods and Services	<u><u>860,160</u></u>	<u><u>678,075</u></u>

5. Cash at bank and in hand	30 June 2020	30 June 2019
	\$	\$
Bank accounts and cash		
ANZ - Health Centre Account	-	19,732
ANZ - Health Centre fundraising account	-	741
ANZ - MCT cheque account	716,243	180,934
ANZ - MCT savings account	164,262	186,760
ANZ - MCT Commercial Flexi Facility	(938)	-
Petty Cash	281	223
Total cash at bank and in hand	<u><u>879,848</u></u>	<u><u>388,390</u></u>

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value

6. Debtors and Prepayments	30 June 2020	30 June 2019
	\$	\$
Trade receivables	19,787	17,362
Prepayments	125,694	92,497
Deferred GST receivable	23,491	23,491
GST receivable	8,204	-
Total Debtors and Prepayments	<u><u>177,176</u></u>	<u><u>133,350</u></u>

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 \$2,022 (30 June 2019: Nil).

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

7. Property Plant and Equipment	Land, Buildings & Improvements		Work in Progress	Plant & Equipment	Vehicles	Total
	\$	\$				
Cost						
Opening Cost 1 July 2019	28,380,004	165,648	48,700	24,730	28,619,082	
Additions	365,636	79,791	10,933	10,430	466,789	
Sales	-	-	3,035	15,360	- 18,395	
Revaluation - movement	-	-	-	-	-	
Work in progress transferred to capital	133,025	133,025	-	-	-	
Work in progress transferred to maintenanc	-	1,934	-	-	- 1,934	
Closing Cost Amount	<u><u>28,878,665</u></u>	<u><u>110,479</u></u>	<u><u>56,598</u></u>	<u><u>19,800</u></u>	<u><u>29,065,542</u></u>	
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	
Revaluation - movement	-	-	-	-	-	
Closing Accumulated Depreciation	<u><u>(492,788)</u></u>	<u><u>-</u></u>	<u><u>(29,562)</u></u>	<u><u>(8,335)</u></u>	<u><u>(530,685)</u></u>	
Net bookvalue						
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	27,035	11,466	28,534,857	

7. Property Plant and Equipment (continued)

Cost

Opening Cost 1 July 2018	23,950,000	37,106	45,665	24,730	24,057,501
Additions	567,084	142,578	3,035	-	712,697
Revaluation - movement	3,852,155	-	-	-	3,852,155
Work in progress transferred to capital	10,765	(10,765)	-	-	-
Work in progress transferred to maintainanc	-	(3,271)	-	-	(3,271)
Closing Cost Amount	28,380,004	165,648	48,700	24,730	28,619,082
Accumulated depreciation					
Opening Accumulated Depreciation	-	-	(20,137)	(19,103)	(39,240)
Depreciation Expense	(447,854)	-	(3,475)	(2,370)	(453,699)
Revaluation - movement	447,854	-	-	-	447,854
Closing Accumulated Depreciation	-	-	(23,612)	(21,473)	(45,085)
Net bookvalue					
As at 1 July 2017	21,918,300	6,134	2,581	8,513	21,935,528
As at 30 June 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	3,257	28,573,998

Land and buildings were revalued as at 30 June 2019 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 not 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 2019 valuation of residential property include market rents and market yields:

- Market rents for a unit range from \$175/pw - \$210/pw
- Market yields ranged from 2.98%, or 5.22% excluding surplus land - 8.57%. The yield of 2.98% related to a property with a large amount of surplus land. The yield on the assessed market rental excluding surplus land is 5.22%.

Significant assumptions in the 30 June 2019 valuation of the FHC include rental increase and capitalisation rate:

- Rental increase of 2%
- Capitalisation rates of 7.50% - 8.00% on actual rentals, 8.00% - 8.50% (Health Centre) and 11% to 12% (ex-Geriatric ward) on assessed market rental.

The land and buildings situated at 100 Awahuri Road Feilding, with a valuation of \$3.2m as at 30 June 2019 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 \$8.04m as at 30 June 2019, 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.

8. Creditors and Accrued Charges	30 June 2020	30 June 2019
	\$	\$
Trade Creditors	86,989	135,951
Other Creditors	57,890	40,597
Tenancy Bonds held	-	411
Income in Advance	30,750	23,578
Total Creditors and Accrued Charges	175,627	200,535

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.

9. Borrowings	30 June 2020	30 June 2019
	\$	\$
Manawatu District Council Loans A & B		
Opening balance	849,559	941,266
Loan drawn-down during the period	-	-
Loan repaid during the period	(96,407)	(91,707)
Closing balance	753,152	849,559

Interest is incurred at the Council's borrowing rate of 3.40% p.a. for the twelve months ended 30 June 2020 (interest rate of 3.75% p.a. for year ended 30 June 2019). 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.

9. Borrowings (continued)

Manawatu District Council - Feilding Integrated Family Health Centre

Opening balance	1,896,121	2,050,410
Loan drawn-down during the period	-	-
Loan repaid during the period	(158,175)	(154,289)
Closing balance	<u>1,737,946</u>	<u>1,896,121</u>

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 2020 was 3.40% (30 June 2019: 3.75%). No security is held for this loan.

Manawatu District Council - 14 Bowen Street

Opening balance	46,803	-
Loan drawn-down during the period	-	50,000
Loan repaid during the period	(3,563)	3,197
Closing balance	<u>43,240</u>	<u>46,803</u>

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 2020 was 3.40% (30 June 2019: 3.75%). No security is held for this loan.

Manawatu District Council - LTP Loan 1

Opening balance	-	-
Loan drawn-down during the period	1,000,000	-
Loan repaid during the period	-	-
Closing balance	<u>1,000,000</u>	<u>-</u>

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 2020 was 2.42%. No security is held for this loan.

Total Loans from MDC

	<u>3,534,340</u>	<u>2,792,484</u>
represented by:		
Current portion	320,288	258,141
Non-current portion	<u>3,214,052</u>	<u>2,534,343</u>
	<u>3,534,340</u>	<u>2,792,484</u>

	30 June 2020	30 June 2019
	<u>\$</u>	<u>\$</u>

ANZ Term Facilities - Feilding Integrated Family Health Centre

Opening balance	1,985,000	2,101,000
Loan drawn-down during the period	2,000,000	250,000
Loan repaid during the period	(2,111,000)	(366,000)
Closing balance	<u>1,874,000</u>	<u>1,985,000</u>
Total Loans from ANZ	<u>1,874,000</u>	<u>1,985,000</u>

represented by:

Current portion	151,012	1,985,000
Non-current portion	<u>1,722,988</u>	<u>-</u>
	<u>1,874,000</u>	<u>1,985,000</u>

ANZ Term Loan 1001 is for 36 months with interest rate at 30 June 2020 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.

ANZ Term Loan 91 had an interest rate at 30 June 2019 of 4.93% in addition to a 1% service line fee. ANZ holds a General Security Agreement of the assets of the Trust. This loan was refinanced in November 2019.

ANZ Term Loan 92 is for 24 months with interest rate as at 30 June 2019 of 4.62%. ANZ Term Loan 93 is for 39 months with interest rate as at 30 June 2019 of 4.36%. The ANZ loans were refinanced in November 2019.

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. As at 30 June 2020 \$938 was drawn down.

10. MidCentral Health Board - Deferred Settlement

	30 June 2020	30 June 2019
	<u>\$</u>	<u>\$</u>
Opening balance	590,000	590,000
Advance during the period	-	-
Repaid during the period	(590,000)	-
Closing balance	<u>-</u>	<u>590,000</u>

represented by:

MidCentral Health Board - Deferred Settlement

Current portion	-	590,000
Non-current portion	<u>-</u>	<u>-</u>
	<u>-</u>	<u>590,000</u>

11. 14 Bowen Street - Deferred Settlement	30 June 2020	30 June 2019
	\$	\$
Opening Balance	180,000	
Purchase of 14 Bowen Street	-	300,000
Settlement instalment paid	-	120,000
Closing balance	180,000	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.

12. Employee Costs Payable	30 June 2020	30 June 2019
	\$	\$
Annual Leave	7,636	3,165
Salary and Wage accrual	9,665	7,250
Total Employee Costs Payable	17,301	10,415

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

13. Trust Equity	30 June 2020	30 June 2019
	\$	\$
Contributed capital		
Balance at 1 July	10	10
Balance at 30 June	10	10
Accumulated surplus/(deficit) for the year		
Balance at 1 July	13,239,138	12,869,312
Surplus/(deficit) for the year	443,810	369,827
Balance at 30 June	13,682,947	13,239,138
Asset Revaluation Reserve		
Opening balance	9,990,219	5,690,210
Gain on revaluation of Property, Plant and Equipment	-	4,300,009
Balance at 30 June	9,990,219	9,990,219
Total Trust Equity	23,673,176	23,229,367

14. Statement of Commitments

Operating Lease Commitments

Photocopier lease

The Manawatu Community Trust entered into a 60 month photocopier lease on 28 November 2014. The lease was repaid in November 2019.

	30 June 2020	30 June 2019
	\$	\$
Not later than one year	-	1,118
Later than one year and not later than five years	-	-
Later than five years:	-	-
	-	1,118

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:

Not later than one year	30,000	-
Later than one year and not later than five years	120,000	127,500
Later than five years:	740,000	770,000
	890,000	897,500

Capital Commitments

The Manawatu Community Trust has no capital commitments as at 30 June 2020. 30 June 2019: Colspec Construction for the remainder of the roofing upgrade on Shelton & Fitzroy flats (\$98,871.61) and with Clearview Property Care for the remainder of the Puriri 32 refurbishment.

All commitments are stated exclusive of GST except for the photocopier commitment relating to the supply of residential accommodation.

15. 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.

The following transactions were carried out with related parties:

	30 June 2020	30 June 2019
	<u>\$</u>	<u>\$</u>
Loan repaid during the period	258,144	249,193
Rates to MDC	109,695	127,290
Volumetric water charges by MDC	44,701	43,459
Interest to MDC	74,050	72,579

Amounts owing at balance date are shown in Trade and Other Payables in the Statement of Financial Position:

Manawatu District Council	40,217	35,028
Loan outstanding to MDC at period end	3,534,340	2,792,484
Interest payable at period end	2,017	6,095

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.

16. Trustee Fees

	30 June 2020	30 June 2019
	<u>\$</u>	<u>\$</u>
John Culling (Chairman)	25,000	25,000
Mary Ann Baskerville	18,000	18,000
Colin McJannett	18,000	18,000
Anthony Murphy	18,000	18,000
Tyson Schmidt	18,000	18,000
	<u>97,000</u>	<u>96,999</u>

Additional payments were made to Trustees to reimburse for costs incurred such as travel.

17. Impact of COVID-19

On March 11, 2020, the World Health Organisation declared the outbreak of COVID-19 (a novel Coronavirus) a pandemic. Two weeks later, on 26 March 2020, New Zealand increased its' COVID-19 alert level to level 4 and a nationwide lockdown commenced. As part of this lockdown all businesses were closed and consequently some were able to re-open under level 3 guidelines on Tuesday 28th April 2020. While this disruption is currently expected to be temporary, there is a level of uncertainty around the duration of restricted business.

As a result the Trust decided to provide Feilding Health Centre relief with a 50% rental discount for April, May & June and 25% rental discount for July, August & September due to loss of revenue. The residential tenants were not provided any rent relief.

There were no significant impacts in relation to the value of property, plant & equipment due to COVID-19 and related nationwide lockdowns.

At this time the full financial impact of the COVID-19 pandemic is not able to be determined, but it may be significant to the Trust.

There are no other events that have occurred subsequent to balance date that would have a material impact on the financial statements.

18. Statement of Contingent Assets and Liabilities

The Manawatu Community Trust is not aware of any contingent assets and liabilities as at 30 June 2020. (30 June 2019: Nil).

19. 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.

Manawatu Community Trust
2019/2020

STATEMENT OF INTENT

This Statement of Intent covers the year 1 July 2019 to 30 June 2020

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.

NATURE AND SCOPE OF ACTIVITIES

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

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

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

- **John Culling**, Chairperson reappointed, 3 years July 1 2017 – 30 June 2020
- **Mary Ann Baskerville-Davies**, reappointed, 3 years July 1 2017 – 30 June 2020
- **Colin McJannett**, reappointed, 3 years from 1 July 2018 to 30 June 2021
- **Tony Murphy**, reappointed for 3 years from 1 July 2019 – 30 June 2022
- **Tyson Schmidt**, 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.

PERFORMANCE TARGETS AND OTHER MEASURES BY WHICH THE PERFORMANCE OF THE TRUST MAY BE JUDGED IN RELATION TO ITS OBJECTIVES:

STATEMENT OF COVID-19 IMPACT

The impact of the COVID-19 pandemic on the Manawatu Community Trust for the last financial year was fortunately small due to fact that the majority of our residential tenants are in receipt of a government benefit and were not financially impacted by the lockdown as much as other citizens may have been.

Our office staff were able to work safely from home to continue the day to day operations necessary to manage the Trust. Our maintenance and capital works programme, however, was impacted and we did not complete our planned capital refurbishments due to an 8 week period in which only urgent maintenance was carried out. We were very aware that our tenants belonged to one of the most at-risk groups during this crisis and were careful to ensure that external contact was minimised until it was considered safe again.

During the lockdown we endeavoured to ensure tenants were well supported and not isolated even though this support could not be face to face. The Housing Manager participated in daily Zoom meetings organised by the Manawatu District Council for emergency workers and service providers. This was a forum to exchange ideas and information to best meet the needs of all residents in Feilding and environs. Through these meetings we were able to arrange such things as; the delivery of food parcels for our tenants who required them, a caring caller service for those who were feeling isolated, and assistance from the fire service for people who had issues with fire alarms.

We received a request for rent-relief from the Feilding Health Centre, which we were able to respond to in a way which reduced the financial burden upon the Health Centre while they were responding to the very difficult environment they found themselves working in.

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: From year ending June 2018, 7 flats were refurbished and a further flat was rebuilt with an additional room added together with other renovations to meet disability accessibility standards

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 2019/20 year the Trust completed four refurbishments, with a further three started and completed in July/August 2020. The Trust's programme of refurbishments was interrupted during the Covid-19 response, but we intend to complete our programme for 19/20 during the 20/21 year, as well as the planned 20/21 refurbishments. (18/19 – 15 refurbishments).

In addition, 11 units were re-roofed at an average cost of \$6,969 per unit. (18/19 – 31 units re-roofed at ave cost of \$8,320 per unit).

b. Additional Housing Stock

Baseline: Cost estimate received

Measure: Investigate the funding available.

Target: Commence erection of at least 10 new units by June 2020.

Management Comment

Planning is well underway for the Corrick Complex development which will entail 12 new units. A principal contractor has been engaged and we are expecting to break ground in late 2020/early 2021.

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: From year ending June 2018, monthly average of requests for maintenance 19

Measures: 1. Maintenance requirement requests are responded to within two working days.

2. Resident safety needs are responded to within 2 hours.

Targets: 1. 95% of urgent maintenance requests are responded to within 2 hours of notification.

2. 95% of non-urgent maintenance requests are responded to within two working days of notification.

Management Comment

Either our staff or a call centre are available 24 hours a day in order to respond quickly to urgent maintenance requests. An immediate response is made to these requests, via contact with our local contractors (eg plumbing or electrical).

Non-urgent requests are also responded to immediately, in general. There may be a short delay for our maintenance team or contractors to attend to the matter, but this would not normally exceed two working days.

The Trust is confident it has reached and indeed exceeded the timing requirement of a response to urgent and non-urgent maintenance requests. We have not received any complaints from our tenants regarding response times, which is the ultimate measure we work to as a Trust. The Trust was however unable to provide sufficient audit evidence to support a reported result. Given the size of the Trust and the technical standard such evidence would require, the Trust will be reviewing this measure in the future to one which still meets the objectives of the Trust, but is able to be measured in a cost effective and reliable manner.

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: 95%.

Management Comment

Flat occupancy has fluctuated between 96% and 98% during the year. (18/19 – 95%)

4. Facilitate the redevelopment of Clevely Wing in Duke Street

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

Baseline: New build Feilding Health Care fully operational

Measure: The redevelopment of Clevely Wing

Target: Clevely wing operational by June 2020.

Management Comment

Negotiations with prospective tenants for Clevely, which had continued over several years, were abandoned with regret at the end of 2019. Other options for this space, such as a residential development for example, have since been considered. In the first few months of the 2020/21 financial year, a new opportunity has arisen. A Memorandum of Understanding for a head tenancy has been signed, and the Trust will undertake renovations and is confident of occupancy by December 2021.

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 working project partnerships consistent with the Trusts vision with two other community groups by June 2020.

Management Comment

The Trust continues to work co-operatively with Manchester House and Neighbourhood Support. During the Covid-19 lockdown the Trust participated with others in daily emergency management activities co-ordinated by MDC.

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 2018, 31% 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 in 2019/20 to be 30-40%

Management Comment

Our percentage of housing rental income spent on capital improvements and major maintenance during the year was 27.7%. (18/19 – 34.2%)

As mentioned above, the COVID-19 lockdown period did impact upon our ability to complete several capital refurbishments, as well as impacting in general upon our maintenance programme.

Prior to lockdown, we were anticipating reaching a 33% spend with approximately \$80,000 of capital expenditure delayed until the next financial year.

- 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 2019 and as at 31 December 2019 reported by 30 September and 28 February respectively.

Management Comment

All reporting deadlines were met in the 19/20 year.

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

Baseline: From year ending June 2018– 75.9%.

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 80% (18/19 – 79.84%)

John Culling
Chairperson
Manawatu Community Trust

Date: 30/11/2020





30 November 2020

Clint Ramoo
Appointed Auditor
Audit New Zealand
PO Box 99
Wellington

Dear Clint

Representation letter for the year ended 30 June 2020

This representation letter is provided in connection with the audit, carried out on behalf of the Auditor-General, of the financial statements and performance information of Manawatu Community Trust (the Trust) for the year ended 30 June 2020 for the purpose of expressing an independent opinion about whether:

- the financial statements:
 - present fairly, in all material respects:
 - the financial position as at 30 June 2020; and
 - the financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard.
- the performance information:
 - presents fairly, in all material respects, the Trust's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Trust's objectives for the year ended 30 June 2020; and

We understand that your audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand).

A handwritten signature in blue ink, appearing to be "M. M.", is located in the bottom right corner of the page.

We understand that, because you will be issuing a non-standard audit report, the Auditor-General has the responsibility to refer to that audit report in a report to Parliament in accordance with section 20 of the Public Audit Act 2001.

General representations

To the best of our knowledge and belief:

- the resources and activities under our control have been operating effectively and efficiently.
- we have complied with our statutory obligations including laws, regulations, and contractual requirements.
- we have carried out our decisions and actions with due regard to minimising waste.
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of the Trust) to prevent and detect fraud.

Representations on the financial statements and the performance information

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements and performance information, and that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements and the performance information as required by the Local Government Act 2002 and, in particular, that:
 - the financial statements:
 - present fairly, in all material respects:
 - the financial position as at 30 June 2020; and
 - the financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard.



- Except for the measure related to being responsive to urgent maintenance requirements, the performance information:
 - presents fairly, in all material respects, the Trust's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Trust's objectives for the year ended 30 June 2020; and
- we believe the significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- we have appropriately accounted for and disclosed the related party relationships and transactions in the financial statements.
- we have adjusted or disclosed all events subsequent to the date of the financial statements and the performance information that require adjustment or disclosure.
- we believe the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements and the performance information as a whole and
- we have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. Where applicable, such litigation and claims have been accounted for and disclosed in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard;
- the financial statements adequately disclose the impact of COVID-19, including disclosure about key assumptions and estimates used in measuring assets and liabilities; and
- in determining the carrying values for all assets including property, plant and equipment and land and buildings, the Trust has appropriately addressed the impacts of the COVID-19 pandemic.

Representations about the provision of information

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided you with:
 - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements and the performance information; and
 - unrestricted access to persons within the Trust from whom you determined it necessary to obtain audit evidence.
- we have disclosed to you the results of our assessment of the risk that the financial statements and the performance information may be materially misstated as a result of fraud;



- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Trust and involves:
 - management.
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements and the performance information.
- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Trust's financial statements and the performance information communicated by employees, former employees, analysts, regulators, or others;
- we have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements and the performance information;
- we have provided you with all the other documents ("other information") which will accompany the financial statements and the performance information which are consistent with one another, and the other information does not contain any material misstatements;
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware; and
- we have disclosed to you all information in relation to the impacts that the COVID-19 pandemic has had on the Trust that could affect the financial statements.

Publication of the financial statements and the performance information and related audit report on a website

- The Trust Board accepts that it is responsible for the electronic presentation of the audited financial statements and performance information.
- The electronic version of the audited financial statements and performance information and the related audit report presented on the website, are the same as the final signed version of the audited financial statements and performance information and audit report.
- We have clearly differentiated between audited and unaudited information on the website and understand the risk of potential misrepresentation without appropriate controls.
- We have assessed the security controls over audited financial and performance information and the related audit report, and are satisfied that procedures are adequate to ensure the integrity of the information provided.
- Where the audit report on the full financial statements and performance information is provided on a website, the financial statements and performance information are also provided in full.

Going concern basis of accounting

We confirm that, to the best of our knowledge and belief, the Trust has adequate resources to continue operations at its current level for the foreseeable future. For this reason, the Trust Board continues to adopt the going concern basis of accounting in preparing the financial statements and the performance information for the year ended 30 June 2020. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the Trust during the period of one year from 30 November 2020, and to circumstances that we know will occur after that date which could affect the validity of the going concern basis of accounting.

We consider that the financial statements and the performance information adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern basis of accounting by the Trust.

Throughout the year, the Trust has complied with the requirements of its banking arrangements, debenture trust deeds, or negative pledge agreements, including those relating to its net tangible assets ratios.

The representations in this letter are made at your request, and to supplement information obtained by you from the records of the Trust and to confirm information given to you orally.

Yours faithfully


Chairperson


Trustee