

# Manawatu Community Trust

Six monthly report to Manawatu District Council

As at 31 December 2020

For the six months 31 December 2020

## COMPILATION REPORT AND DISCLAIMER OF LIABILITY TO THE TRUSTEES

### Scope

We have compiled the interim management reports of Manawatu Community Trust for the six months ended 31 December 2020 on the basis of information provided to us by the Board in accordance with Service Engagement Standard No 2: Compilation of Financial Information issued by the New Zealand Institute of Chartered Accountants. These have been prepared in accordance with the framework described in the Statement of Accounting Policies to the management reports.

### Purpose and responsibilities

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

The Trust is solely responsible for the information contained in the financial statements and has determined that the financial reporting framework used is appropriate to meet its needs and the purpose for which the financial statement extracts were prepared.

The financial statement extracts were prepared exclusively for the Trust. We do not accept responsibility to any other person for the contents of the financial statement extracts.

### No audit or review engagement undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statement extracts from information provided to us by the Trust and in accordance with the limited procedures agreed in our engagement letter. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

### Disclaimer of liability

Neither we nor any of our employees accepts any responsibility for the reliability, accuracy or completeness of the compiled financial information nor do we accept liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on the compiled financial information.



Director  
BDO Central (NI) Limited

Chartered Accountants and Advisers  
32 Amesbury Street  
Palmerston North 4410

Dated: 16/02/2021

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# Profit & Loss

## Manawatu Community Trust For the 6 months ended 31 December 2020

	Actual	Budget	Var NZD	Var %
<b>Income</b>				
<b>1. Rents Received</b>				
FHC - Rental income	339,108	388,649	(49,541)	-12.7%
HOUSING - Rental Income	746,219	722,178	24,041	3.3%
<b>Total 1. Rents Received</b>	<b>1,085,326</b>	<b>1,110,827</b>	<b>(25,501)</b>	<b>-2.3%</b>
<b>2. Interest Received</b>				
Interest Income	1,045	585	460	78.6%
<b>Total 2. Interest Received</b>	<b>1,045</b>	<b>585</b>	<b>460</b>	<b>78.6%</b>
<b>4. Other Income</b>				
FHC - Sundry Income	83	185	(102)	-55.1%
Maintenance Staff Recovery	11,247	12,500	(1,253)	-10.0%
MDC - Rates Rebate	61,294	62,917	(1,623)	-2.6%
Meeting Room Income	1,271	1,750	(479)	-27.4%
MENZSHED - Rental Income	2,600	2,600	-	0.0%
Project Mobility	200	234	(34)	-14.5%
Sundry Income	1,440	(226)	1,666	737.2%
<b>Total 4. Other Income</b>	<b>78,135</b>	<b>79,960</b>	<b>(1,825)</b>	<b>-2.3%</b>
<b>5. Maternity book</b>				
Maternity Book - Sale	87	40	47	117.4%
<b>Total 5. Maternity book</b>	<b>87</b>	<b>40</b>	<b>47</b>	<b>117.4%</b>
<b>Total Income</b>	<b>1,164,594</b>	<b>1,191,412</b>	<b>(26,818)</b>	<b>-2.3%</b>
<b>Gross Profit</b>	<b>1,164,594</b>	<b>1,191,412</b>	<b>(26,818)</b>	<b>-2.0%</b>
<b>Less Operating Expenses</b>				
<b>1. Administration Expenses</b>				
Accounting	2,923	11,000	(8,077)	-73.4%
Audit fees	(140)	-	(140)	0.0%
Communications & Public Relations	2,308	5,000	(2,693)	-53.9%
Computer costs	874	1,000	(126)	-12.6%
Consultants Fees	4,063	10,000	(5,937)	-59.4%
General Expenses	357	600	(243)	-40.5%
Insurance - Professional Indemnity	1,572	1,764	(192)	-10.9%
Legal Fees	-	10,000	(10,000)	-100.0%
Meeting Room Expenses	146	-	146	0.0%
Office Electricity	894	1,120	(226)	-20.1%
Office maintenance	396	500	(104)	-20.8%
Office Rates	412	200	212	105.9%
Office Telephone	2,704	3,270	(566)	-17.3%
Photocopies	610	750	(140)	-18.7%
Postage & Stationary	530	750	(220)	-29.3%
Project Mobility Expenses	-	200	(200)	-100.0%

These financial statements are to be read in conjunction with the accompanying Notes and the compilation report. These statements have been compiled without undertaking an audit or review engagement.

# Profit & Loss

	Actual	Budget	Var NZD	Var %
Subscriptions	666	87	579	665.1%
Web page	165	400	(235)	-58.8%
<b>Vehicle expenses</b>				
Petrol & Oil	1,920	2,127	(207)	-9.7%
<b>Total Vehicle expenses</b>	<b>1,920</b>	<b>2,127</b>	<b>(207)</b>	<b>-9.7%</b>
<b>Total 1. Administration Expenses</b>	<b>20,398</b>	<b>48,768</b>	<b>(28,370)</b>	<b>-58.2%</b>
<b>2. Others</b>				
<b>Depreciation</b>				
Depreciation	240,000	240,000	-	0.0%
<b>Total Depreciation</b>	<b>240,000</b>	<b>240,000</b>	<b>-</b>	<b>0.0%</b>
<b>Employee costs</b>				
Accident Compensation Levies	1,145	1,445	(300)	-20.7%
Staff other costs	5,973	2,500	3,473	138.9%
Trustee Expenses	1,155	750	405	54.0%
Trustee Wages	51,333	51,500	(167)	-0.3%
Wages & Salaries	111,371	84,619	26,752	31.6%
<b>Total Employee costs</b>	<b>170,979</b>	<b>140,814</b>	<b>30,165</b>	<b>21.4%</b>
<b>FINANCE expenses</b>				
Bank Charges	294	420	(127)	-30.1%
Interest Expenses	5,627	5,625	2	0.0%
<b>Total FINANCE expenses</b>	<b>5,920</b>	<b>6,045</b>	<b>(125)</b>	<b>-2.1%</b>
<b>Total 2. Others</b>	<b>416,899</b>	<b>386,859</b>	<b>30,040</b>	<b>7.8%</b>
<b>3. HOUSING Expenses</b>				
<b>HOUSING - General expenses</b>				
Advertising	-	300	(300)	-100.0%
Hospitality Expenses	204	-	204	0.0%
HOUSING - Community Building	1,621	2,500	(879)	-35.2%
HOUSING - General Expenses	121	250	(130)	-51.8%
HOUSING - Horizons Rates	17,125	15,516	1,609	10.4%
HOUSING - Insurance (P & C Brokers)	63,827	60,252	3,575	5.9%
HOUSING - Interest Expenses	14,674	17,415	(2,741)	-15.7%
HOUSING - Rates	123,062	125,834	(2,772)	-2.2%
HOUSING - Rubbish Removal	5,846	6,750	(904)	-13.4%
HOUSING - Water Charges	15,788	15,599	189	1.2%
<b>Total HOUSING - General expenses</b>	<b>242,269</b>	<b>244,416</b>	<b>(2,147)</b>	<b>-0.9%</b>
<b>HOUSING - Maintenance</b>				
HOUSING - Appliances - Acquisition	2,209	1,000	1,209	120.9%
HOUSING - Building Maintenance	27,212	60,000	(32,788)	-54.6%
HOUSING - Electricity	116	750	(634)	-84.5%
HOUSING - Grounds Maintenance	12,144	15,000	(2,856)	-19.0%
<b>Total HOUSING - Maintenance</b>	<b>41,681</b>	<b>76,750</b>	<b>(35,069)</b>	<b>-45.7%</b>
<b>HOUSING - Major maintenance</b>				
HOUSING - Major maintenance	20,096	25,000	(4,904)	-19.6%
<b>Total HOUSING - Major maintenance</b>	<b>20,096</b>	<b>25,000</b>	<b>(4,904)</b>	<b>-19.6%</b>

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# Profit & Loss

	Actual	Budget	Var NZD	Var %
<b>Total 3. HOUSING Expenses</b>	<b>304,045</b>	<b>346,166</b>	<b>(42,121)</b>	<b>-12.2%</b>
<b>4. Commerical expenses</b>				
<b>FHC - Maintenance</b>				
CLEVELY - Building Maintenance	-	1,500	(1,500)	-100.0%
FHC - Building Maintenance	780	8,000	(7,220)	-90.2%
FHC - Fire Security and Compliance	2,098	2,600	(502)	-19.3%
FHC - Generator maintenance	1,086	1,220	(134)	-11.0%
<b>Total FHC - Maintenance</b>	<b>3,965</b>	<b>13,320</b>	<b>(9,355)</b>	<b>-70.2%</b>
<b>FHC General expenses</b>				
CLEVELY - Fire Security & Compliance	72	100	(28)	-27.9%
CLEVELY - General expenses	24	1,500	(1,476)	-98.4%
CLEVELY - Insurance	4,401	4,470	(69)	-1.5%
CLEVELY - Interest Expense	887	1,785	(898)	-50.3%
FHC - Consultants	-	-	-	0.0%
FHC - Feilding Health Care - Insurance	16,960	16,829	131	0.8%
FHC - General Expenses	-	50	(50)	-100.0%
FHC - Interest Expense	38,719	41,697	(2,978)	-7.1%
FHC - Lease	17,990	15,000	2,990	19.9%
FHC - Rates (Water only)	543	520	23	4.4%
FHC Rental Discount 2020 - Covid19 Response	41,240	-	41,240	0.0%
<b>Total FHC General expenses</b>	<b>120,836</b>	<b>81,951</b>	<b>38,885</b>	<b>47.4%</b>
<b>FHC Grounds Maintenance</b>				
CLEVELY - Grounds Maintenance	4,487	4,800	(313)	-6.5%
FHC - Grounds Maintenance	4,487	4,800	(313)	-6.5%
<b>Total FHC Grounds Maintenance</b>	<b>8,973</b>	<b>9,600</b>	<b>(627)</b>	<b>-6.5%</b>
<b>Other (14 Bowen Street &amp; Menzshed)</b>				
14 Bowen St - building maintenance	-	2,500	(2,500)	-100.0%
Menzshed expenses	1,244	618	626	101.3%
SUNDRY - Interest Expense	552	723	(171)	-23.7%
<b>Total Other (14 Bowen Street &amp; Menzshed)</b>	<b>1,796</b>	<b>3,841</b>	<b>(2,045)</b>	<b>-53.2%</b>
<b>Total 4. Commerical expenses</b>	<b>135,570</b>	<b>108,712</b>	<b>26,858</b>	<b>24.7%</b>
<b>Total Operating Expenses</b>	<b>876,913</b>	<b>890,505</b>	<b>(13,592)</b>	<b>-1.5%</b>
<b>Net Profit</b>	<b>287,681</b>	<b>300,907</b>	<b>(13,226)</b>	<b>-4.0%</b>

These financial statements are to be read in conjunction with the accompanying Notes and the compilation report. These statements have been compiled without undertaking an audit or review engagement.

# Balance Sheet

## Manawatu Community Trust As at 31 December 2020

31 Dec 2020

31 Dec 2019

### Assets

#### Current Assets

##### Accounts Receivables

Prepayments	42,210	19,899
Trade Debtors	68,197	70,968
<b>Total Accounts Receivables</b>	<b>110,407</b>	<b>90,867</b>

##### Bank

ANZ - Term Deposit	400,000	1,100,000
Commercial Flexi Facility	(938)	(938)
MCT - B.Savings Account	160,681	206,913
MCT - Current Account	282,233	154,932
Petty Cash	234	376
<b>Total Bank</b>	<b>842,210</b>	<b>1,461,284</b>

#### **Total Current Assets**

**952,617**      **1,552,151**

#### Fixed Assets

Fixed Assets	28,673,871	28,651,069
<b>Total Fixed Assets</b>	<b>28,673,871</b>	<b>28,651,069</b>

#### Non-current Assets

Deferred GST	23,491	23,491
<b>Total Non-current Assets</b>	<b>23,491</b>	<b>23,491</b>

<b>Total Assets</b>	<b>29,649,980</b>	<b>30,226,711</b>
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### Liabilities

#### Current Liabilities

14 Bowen Street deferred payment - current	90,000	-
Lease Payable - Current	35,979	-
MCT Credit Card	1,560	908
MidCentral Health Board - Cleverly Deferred Settlement - Current Portion	-	590,000

#### Current portion of term loans

ANZ Bank loan	216,000	216,000
MDC Loans	270,578	257,578
<b>Total Current portion of term loans</b>	<b>486,578</b>	<b>473,578</b>

#### Employee Entitlements

Accrued salary and wages	7,696	4,225
Annual Leave Entitlement	14,440	7,152
PAYE Accruals	6,597	5,605
<b>Total Employee Entitlements</b>	<b>28,733</b>	<b>16,982</b>

#### Trade and other payables

Accounts payables	77,414	83,896
GST	12,506	11,207

These financial statements are to be read in conjunction with the accompanying Notes and the compilation report. These statements have been compiled without undertaking an audit or review engagement.

# Balance Sheet

	31 Dec 2020	31 Dec 2019
Income in Advance	81,078	81,062
Sundry Expenditure Accruals	1,500	-
<b>Total Trade and other payables</b>	<b>172,498</b>	<b>176,164</b>
<b>Total Current Liabilities</b>	<b>815,348</b>	<b>1,257,632</b>
<b>Non-Current Liabilities</b>		
14 Bowen Street deferred payment	90,000	180,000
Lease Payable	104,447	125,927
<b>Non-current portion of loans</b>		
ANZ Loans - non-current	1,550,000	1,766,000
MDC loans - non-current	3,130,303	3,409,382
<b>Total Non-current portion of loans</b>	<b>4,680,303</b>	<b>5,175,382</b>
<b>Total Non-Current Liabilities</b>	<b>4,874,750</b>	<b>5,481,309</b>
<b>Total Liabilities</b>	<b>5,690,098</b>	<b>6,738,940</b>
<b>Net Assets</b>	<b>23,959,882</b>	<b>23,487,771</b>
<b>Equity</b>		
Asset Revaluation Reserve	9,990,219	9,990,219
Contributed Capital	10	10
Current Year Earnings	287,681	258,402
Retained Earnings	13,681,972	13,239,140
<b>Total Equity</b>	<b>23,959,882</b>	<b>23,487,771</b>

These financial statements are to be read in conjunction with the accompanying Notes and the compilation report. These statements have been compiled without undertaking an audit or review engagement.



**Manawatu Community Trust**  
**STATEMENT OF ACCOUNTING POLICIES**  
For the six months 31 December 2020

**PURPOSE AND BASIS OF PREPARATION**

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

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

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

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

**GOODS AND SERVICES TAX**

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

**REVENUE**

Grants. Council, government, and non-government grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met ("use or return condition"). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

Sale of goods. Revenue from the sale of goods is recognised when the goods are sold to the customer.

Sale of services. Revenue from the sale of services is recognised by reference to the stage of completion of the services delivered at balance date as a percentage of the total services to be provided.

Donated assets. Revenue from donated assets is recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the value of the asset is readily obtainable and significant.

Interest. Interest revenue is recorded as it is earned during the year.

**EMPLOYEE RELATED COSTS**

Wages, salaries, and annual leave are recorded as an expense as staff provide services and become entitled to wages, salaries, and leave entitlements.

Performance payments are recorded when the employee is notified that the payment has been granted.

Superannuation contributions are recorded as an expense as staff provide services.

## ADVERTISING, MARKETING, ADMINISTRATION, OVERHEAD AND FUNDRAISING COSTS

These are expensed when the related service has been received.

## LEASE EXPENSE

Lease payments are recognised as an expense on a straight-line basis over the lease term.

## BANK ACCOUNTS AND CASH

Bank accounts and cash comprise cash on hand, cheque or savings accounts, and deposits held at call with banks.

## DEBTORS

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

## INVESTMENTS

Investments comprise investments in term deposits with banks, listed bonds and listed shares.

Deposits with banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

## PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of rental accommodation available for the elderly and disabled and property leased out and operated as an integrated health centre in Feilding. This has been classified as property plant and equipment rather than investment property as it is held to meet service delivery objectives rather than to earn rentals or for capital appreciation.

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

## REVALUATION

Land and buildings (operational) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from the assets' fair value and at least every three years.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results of 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.

**ADDITIONS**

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that the asset will provide future economic benefits or service potential to the Trust and the cost of the item can be measured reliably.

**WORK IN PROGRESS IS RECOGNISED AT COST LESS IMPAIRMENT AND IS NOT DEPRECIATED**

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

**DISPOSALS**

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Financial Performance. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

**SUBSEQUENT COSTS**

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will fall to the Trust and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the Statement of Financial Performance.

**DEPRECIATION**

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land (which is not depreciated), at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The residual value and useful life of an asset is reviewed and adjusted, if applicable, at each financial year end.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings	25 to 80 years	(1.25 - 4%)
Motor vehicles	5 years	(20%)
Plant and equipment	3 to 10 years	(10-33%)

## IMPAIRMENT OF ASSETS

Property, plant, and equipment assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicated that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the Statement of Financial Performance. The reversal of an impairment loss is recognised in the Statement of Financial Performance.

## CREDITORS AND ACCRUED EXPENSES

Creditors and accrued expenses are measured at the amount owed.

## EMPLOYEE COST PAYABLE

A liability for employee costs payable is recognised when an employee has earned the entitlement.

These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date. A liability and expense for long service leave and retirement gratuities is recognised when the entitlement becomes available to the employee.

## INCOME TAX

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

## CHANGES IN ACCOUNTING POLICIES

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