

QUEENSTOWN LAKES COMMUNITY HOUSING TRUST

Consolidated Annual Report
For the year ended 31st March 2010

QUEENSTOWN LAKES COMMUNITY HOUSING TRUST

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QUEENSTOWN LAKES COMMUNITY HOUSING TRUST

TRUST DIRECTORY
FOR THE YEAR ENDED 31ST MARCH 2010

<u>SETTLOR</u>	Graeme Morris Todd
<u>DATE SETTLED</u>	15 January 2007
<u>DATE OF INCORPORATION</u>	12 July 2007
<u>TRUSTEES</u>	D A Cole B J P Robertson D L Pezaro B P Donnelly S Brent (Appointed 31 March 2009)
<u>ACCOUNTANTS</u>	McCulloch & Partners P O Box 64 Queenstown
<u>SOLICITORS</u>	Anderson Lloyd Lawyers Queenstown Mactodd Queenstown
<u>BANKERS</u>	ASB Bank Queenstown
<u>AUDITORS</u>	Deloitte, Dunedin
<u>IRD NUMBER</u>	97-121-805

QUEENSTOWN LAKES COMMUNITY HOUSING TRUST

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31ST MARCH 2010

	Group 2010 \$	Group 2009 \$	Parent 2010 \$	Parent 2009 \$
<u>INCOME</u>				
Sales	1,374,835	-	-	-
Grants Received	50,000	50,000	50,000	50,000
HNZ Loan Amortisation	200,000	-	200,000	-
HNZ Reimbursement Grants Received	15,556	31,533	15,556	31,533
Developer Contributions Received	-	3,555,000	-	3,555,000
Interest Received	18,437	152,780	16,601	152,780
Management Fees Received	5,600	-	5,600	-
Sundry Income	6,967	-	6,967	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,671,395	3,789,313	294,724	3,789,313
<u>LESS EXPENSES</u>				
Accountancy Fees	17,829	15,623	14,601	15,203
Accountancy Fees - Taxation Advisory	-	1,400	-	-
Accident Compensation Corporation	502	-	502	-
Administration Services	-	12,480	-	12,480
Audit Fees	8,500	7,000	8,500	7,000
Advertising	398	2,755	153	475
Bank Charges	5,693	72	29	69
Commission	370	631	370	631
Computer Expenses	819	967	819	967
Consultants Fees	-	50	-	50
Consultants Fees Reimbursed	15,556	31,533	15,556	31,533
Depreciation	69,717	-	69,717	-
Development Management Fees	27,500	-	-	-
General Expenses	384	467	384	467
Housing Development Expenditure	1,297,647	-	-	-
Insurance	2,700	1600	2,700	1600
Interest	12,934	-	-	-
Legal Expenses	13,752	5,869	6,841	5,010
Meeting expenses	1,455	3,254	1,455	3,254
Mileage	1,601	1,899	1,601	1,899
Office Expenses	3,619	2,033	3,582	2,033
Property Inspection Fees	1,956	-	1,956	-
Rates	8,688	4,310	2,710	-
Repairs and Maintenance	10	136	10	-
Staff Training	1,149	564	1,149	564
Subscriptions	525	1,036	525	1,036
Telecommunications	527	432	527	432
Travelling Expenses	9,006	6,353	9,006	6,353
Valuation Fees	1,910	1,913	1,910	1,913
Trustee Fees	77,100	81,750	77,100	81,750
Wages	59,962	41,081	59,962	41,081
	<hr/>	<hr/>	<hr/>	<hr/>
<u>TOTAL EXPENSES</u>	1,641,809	225,208	281,665	215,800
<u>SURPLUS / (DEFICIT)</u>	<hr/>	<hr/>	<hr/>	<hr/>
	\$29,586	\$3,564,105	\$13,059	\$3,573,513

The accompanying notes form part of and are to be read in conjunction with these financial statements.

QUEENSTOWN LAKES COMMUNITY HOUSING TRUST

STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2010

	Group 2010 \$	Group 2009 \$	Parent 2010 \$	Parent 2009 \$
<u>TRUSTEES ACCUMULATED INCOME ACCOUNT</u>				
Opening Balance	5,700,226	2,136,121	5,709,634	2,136,121
<u>PLUS</u>				
Income Allocated	29,586	3,564,105	13,059	3,573,513
Balance at Year End	<u>\$5,729,812</u>	<u>\$5,700,226</u>	<u>\$5,722,693</u>	<u>\$5,709,634</u>

The accompanying notes form part of and are to be read in conjunction with these financial statements.

QUEENSTOWN LAKES COMMUNITY HOUSING TRUST

STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2010

	Group 2010 \$	Group 2009 \$	Parent 2010 \$	Parent 2009 \$
<u>EQUITY</u>				
Trustees' Accumulated Income Account	5,729,812	5,700,226	5,722,693	5,709,634
<u>TOTAL EQUITY</u>	5,729,812	5,700,226	5,722,693	5,709,634
<u>REPRESENTED BY -</u>				
<u>NON CURRENT ASSETS</u>				
<u>FIXED ASSETS AS PER SCHEDULE</u>				
Land and Buildings	4,564,362	2,789,755	4,599,313	2,789,755
<u>INVESTMENTS</u>				
SBS Term Deposit	-	522,941	-	522,941
	-	522,941	-	522,941
<u>CURRENT ASSETS</u>				
Development Property	2,500,176	3,028,267	-	-
ASB Bank Accounts	415,421	227,567	413,933	225,330
SBS Bank Accounts	123,391	-	686	-
Work in Progress	19,502	-	-	-
Accrued Interest	1,144	865	1,144	865
Accounts Receivable	916	-	916	-
Anderson Lloyd Trust Account	-	283,308	-	283,308
Tax Paid	172	543	-	543
Advance QLCHT Developments Ltd	-	-	2,518,594	3,043,138
G S T	6,049	6,517	2,834	2,818
	3,066,771	3,547,067	2,938,107	3,556,002
<u>TOTAL ASSETS</u>	7,631,133	6,859,763	7,537,420	6,868,698
<u>LESS LIABILITIES</u>				
<u>NON CURRENT LIABILITIES</u>				
Housing Corp NZ Ltd (note 4)	1,800,000	1,136,710	1,800,000	1,136,710
<u>CURRENT LIABILITIES</u>				
Accounts Payable	98,794	22,569	12,200	22,096
PAYE Deductions Payable	2,527	258	2,527	258
	101,321	22,827	14,727	22,354
<u>TOTAL LIABILITIES</u>	1,901,321	1,159,537	1,814,727	1,159,064
<u>NET ASSETS AS PER TOTAL EQUITY</u>	\$5,729,812	\$5,700,226	\$5,722,693	\$5,709,634

Signed _____ Trustee

Date

Signed _____ Trustee

Date

The accompanying notes form part of and are to be read in conjunction with these financial statements.

QUEENSTOWN LAKES COMMUNITY HOUSING TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2010

STATEMENT OF ACCOUNTING POLICIES REPORTING ENTITY

Queenstown Lakes Community Housing Trust is a Qualifying Trust operating in accordance with its Trust Deed and governed by the requirements of the Trustee Act 1956.

The Financial Statements of the entity have been prepared in accordance with generally accepted accounting practice as required by the New Zealand Institute of Chartered Accountants for general purpose financial reports.

The entity qualifies for differential reporting as it is not publicly accountable and the entity does not exceed the size criteria. All differential reporting exemptions have been taken advantage of, with the exception of SSAP 22 Related Party Transactions.

MEASUREMENT BASE

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed in the preparation of these accounts.

SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies have a material effect on the measurement of results and financial position:

Revenue Recognition

Grant and Developer Contribution revenue is recognised upon receipt. Interest revenue is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

Depreciation

Depreciation has been charged on buildings at a rate of 3% DV per annum. No depreciation is charged on land.

Taxation

Taxation has not been provided for as the Queenstown Lakes Community Housing Trust is a registered charity and meets the criteria for exemption from income tax in terms of the Income Tax Act 2007.

Fixed Assets

Buildings are stated at cost less accumulated depreciation, and land is stated at cost.

Investments

All investments are recorded at the lower of cost or net realisable value.

Accounts Receivable

Accounts receivable are stated at expected realisable value.

Goods and Services Tax

The accounts have been prepared on a GST exclusive basis with the exception of Accounts Payable and Accounts Receivable which are stated GST inclusive.

Development Properties

Development properties are stated at the lower of cost or net realisable value. Cost includes planning expenditure and any other expenditure to bring the Development property to its present condition.

QUEENSTOWN LAKES COMMUNITY HOUSING TRUST

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31ST MARCH 2010**

Basis of consolidation

The Group financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being Queenstown Lakes Community Housing Trust (the parent entity) and its subsidiary QLCHT Developments Limited. Subsidiaries are entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. Consistent accounting policies are employed in the preparation and presentation of the Group financial statements.

The Group financial statements include the information and results of each subsidiary from the date on which the Trust obtains control and until such time as the Trust ceases to control such entity.

In preparing the Groups financial statements, all intragroup balance and transactions, and unrealised profits arising within the Group are eliminated in full.

Investment in subsidiaries are measured at cost in the parent Trust's financial statements.

Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Changes in Accounting Policies

There have been no changes in Accounting Policies. All policies have been applied on a basis consistent with those used in the last year.

QUEENSTOWN LAKES COMMUNITY HOUSING TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2010

NOTES

1. Capital Expenditure

As at 31 March 2010 the Parent is not committed to any property purchases under the Shared Ownership Scheme. (2009 \$588,800).

2. Contingent Liabilities

There were no known contingent liabilities at balance date this year, or last year.

3. Related Parties

Stephen Brent (appointed Trustee 31/3/09) is a partner in the firm Anderson Lloyd who provide legal services to the Parent. In 2010 the aggregate of these payments totalled \$15,658 (2009 25,861). Of this amount, \$8,125 was recognised as an expense being 0.37% of the total expenses incurred by the Parent (2009 \$5,869 and 2.61%). The remaining \$7,533 related to property acquisitions and was capitalised, being 0.4% of 2010 year acquisitions (2009 \$19,992 and 0.35%). Mr S Brent was an independent solicitor at the time of his appointment as a Trustee but in November 2009 joined Anderson Lloyd as a Partner.

The Parent paid \$27,500 to Robertson Property for development management of the Lake Hayes Estate development during the year. Barry Robertson is a trustee of the Parent and is the principal of Robertson Property.

The Parent has advanced \$2,518,594 to its subsidiary QLCHT Developments Limited. The advance is interest free and repayable upon demand.

There were no other related party transactions.

4. Borrowings

On the 27th February 2008, the Parent entered into a suspensory loan agreement with Housing New Zealand Corporation. This loan has a facility limit of \$2,000,000. The Parent is able to draw ('drawings') against this facility up to 15% of the valuation of the relevant residential dwelling being purchased through a shared ownership agreement. The loan is secured over land owned by Queenstown Lakes District Council (QLDC) and a guarantee provided by QLDC. The loan is interest free (subject to meeting the terms of the agreement) and will be forgiven after 10 years provided that the terms of the agreement are observed by the Parent. The loan has been drawn down to \$2,000,000. The loan has been amortised at a straight line rate of 10% per annum. In 2010, \$200,000 was amortised leaving an unamortised balance of \$1,800,000 which will continue to be amortised on the basis the conditions of the suspensory loan agreement are complied with.

5. Land and Buildings

	Group		Parent	
	2010	2009	2010	2009
Freehold land at cost	2,278,595	1,545,235	2,289,315	1,545,235
Buildings at cost	2,355,484	1,244,520	2,379,715	1,244,520
Less Accumulated Depreciation	(69,717)	-	(69,717)	-
Buildings at Book Value	2,285,767	1,244,520	2,309,998	1,244,520
Net book value of Land and Buildings	4,564,362	\$2,789,755	4,599,313	\$2,789,755

The accompanying notes form part of and are to be read in conjunction with these financial statements.

6. Subsidiaries

Name of entity Subsidiary	Balance Date	Country of Incorporation	Ownership interest	
			2010 %	2009 %
QLCHT Developments Limited	31-March	New Zealand	100%	100%

7. Charitable Status

The Charities Commission is currently reviewing the charitable status of the Trust. As at 15 July 2010 no decision of this review has been advised.

