



**TAUPO RSA TRUST INCORPORATED**

**ANNUAL REPORT**

**2013**



**TAUPO RSA TRUST INCORPORATED**  
**FINANCIAL REPORTS**  
**for the Year Ended 31 December 2013**

---

| <b>Contents</b>                           | <b>Page</b> |
|---|-------------|
| Directory                                 | 3           |
| Statement of Financial Performance        | 4           |
| Statement of Financial Position           | 6           |
| Statement on Movement in Capital          | 7           |
| Schedule of Fixed Assets and Depreciation | 8           |
| Notes to the Financial Statements         | 9           |
| Chairman's Report                         | 12          |
| Audit Report                              | 14          |

# TAUPO RSA TRUST INCORPORATED

## Trust Directory

as at 31 December 2013

---

### Nature of Business

Charitable Trust

### Registered Office

79 Horomatangi Street

Taupo

### Postal Address

PO Box 2358

Taupo 3351

### Auditor

Absolute Auditing Limited

7 Oliver Road

RD 1, Tauranga 3171

### Bankers

Westpac Banking Corporation

Horomatangi St, Taupo

### Trustees

Randy Stone                      Chairman

Garry Lough                      Secretary / Treasurer

Peter Bell

Gordon McDowell

Noel Walker

### Accounting Year

31 December 2013

### Charities Commission Number

CC 38069

### Inland Revenue Number

066-276-767

# TAUPO RSA TRUST INCORPORATED

## STATEMENT OF FINANCIAL PERFORMANCE

for the Year Ended 31 December 2013

|   | Notes | 2013           | 2012            |
|---|-------|----------------|-----------------|
| <b>GROSS OPERATING</b>                              |       |                |                 |
| <b>PROPERTY</b>                                     |       |                |                 |
| <b>RSA Club</b>                                     |       |                |                 |
| <u>Revenue</u>                                      |       |                |                 |
| Lease   |       | 6,000          | 5,600           |
|   |       | 6,000          | 5,600           |
| <u>Expenses</u>                                     |       |                |                 |
| Maintenance   |       | 2,146          | 5,490           |
| Depreciation  |       | 13,814         | 14,241          |
|   |       | 15,960         | 19,731          |
| Total RSA Club                                      |       | (9,960)        | (14,131)        |
| <b>Flats</b>  |       |                |                 |
| <u>Revenue</u>                                      |       |                |                 |
| Rentals   |       | 26,884         | 27,040          |
|   |       | 26,884         | 27,040          |
| <u>Expenses</u>                                     |       |                |                 |
| Rates   |       | 7,885          | 7,376           |
| Repairs & Maintenance                               |       | 1245           | 6,992           |
| Insurance   |       | 1802           | 1,431           |
| Depreciation  |       | 13,988         | 13,615          |
|   |       | 24,920         | 29,415          |
| Total Flats   |       | 1,964          | (2,375)         |
| <b>Property Income (Expenditure)</b>                |       | <b>(7,996)</b> | <b>(16,506)</b> |
| <b>BENEFICIARIES</b>                                |       |                |                 |
| <b>Education</b>                                    |       |                |                 |
| <u>Revenue</u>                                      |       |                |                 |
| Interest Received                                   |       | 3,552          | 3,074           |
|   |       | 3,552          | 3,074           |
| <u>Expenses</u>                                     |       |                |                 |
| Bursaries   | 8     | 4,500          | 4,500           |
| Essays  | 8     | 750            | 800             |
|   |       | 5,250          | 5,300           |
| <b>Education Income (Expenditure)</b>               |       | <b>(1,698)</b> | <b>(2,226)</b>  |
| <b>Returned &amp; Service</b>                       |       |                |                 |
| <u>Revenue</u>                                      |       |                |                 |
| Interest Received                                   |       | 6,189          | 6,821           |
|   |       | 6,189          | 6,821           |
| <u>Expenses</u>                                     |       |                |                 |
| Grants  | 8     | 2,817          | 0               |
| Christmas Parcels                                   | 8     | 3,826          | 3,826           |
|   |       | 6,643          | 3,826           |
| <b>Returned &amp; Services Income (Expenditure)</b> |       | <b>(454)</b>   | <b>2,995</b>    |

The accompanying notes form part of the financial statements.  
 These financial statements should be read in conjunction with the attached Audit Report

## TAUPO RSA TRUST INCORPORATED

|  |    |                 |
|--|----|-----------------|
| <b>Community</b>                           |    |                 |
| <u>Revenue</u>                             |    |                 |
| Interest Received                          |    | 509             |
|  |    | 0               |
|  |    | 509             |
|  |    | 0               |
| <u>Expenses</u>                            |    |                 |
| Grants                                     | 8  | 0               |
|  |    | 300             |
|  |    | 0               |
|  |    | 300             |
|  |    | <b>509</b>      |
|  |    | <b>(300)</b>    |
|  |    | <b>(1643)</b>   |
|  |    | <b>469</b>      |
|  |    | <b>(9,639)</b>  |
|  |    | <b>(16,037)</b> |
| <b>OVERHEADS</b>                           |    |                 |
| <u>Revenue</u>                             |    |                 |
| Interest Received - Westpac                |    | 1,804           |
| Interest Received - RSA Loans              |    | 1,689           |
|  |    | 3,494           |
|  |    | 3,306           |
| <u>Expenses</u>                            |    |                 |
| Accountancy                                |    | 0               |
| Bank Fees                                  |    | 61              |
| Audit                                      | 11 | 2,000           |
| Administration                             |    | 0               |
| Subscriptions                              |    | 44              |
| Postal, Stationery, Printing & Advertising |    | 408             |
|  |    | 2,513           |
|  |    | 5,443           |
|  |    | <b>981</b>      |
|  |    | <b>(2137)</b>   |
|  |    | <b>(8,658)</b>  |
|  |    | <b>(18,174)</b> |

# TAUPO RSA TRUST INCORPORATED

## STATEMENT OF FINANCIAL POSITION

for the Year Ended 31 December 2013

### STATEMENT OF FINANCIAL POSITION As At 31 December 2013

|                                   | Notes | 2013             | 2012             |
|-----------------------------------|-------|------------------|------------------|
| <b>ASSETS</b>                     |       |                  |                  |
| <b>Current Assets</b>             |       |                  |                  |
| Current Account - Westpac         |       | 15,792           | 4,994            |
| Savings Account - Westpac         |       | 0                | 12,134           |
| Accounts Receivable               |       | 0                | 2,185            |
| Bank Interest Accrued             |       | 0                | 0                |
| GST Receivable                    |       | 2,069            | 1,621            |
| Prepayments                       |       | 2,085            | 1,560            |
|                                   |       | <b>19,946</b>    | <b>22,494</b>    |
| <b>Term Assets</b>                |       |                  |                  |
| Term Deposits - Westpac           | 5     | 280,000          | 290,000          |
| Term Loan – Taupo RSA Club        | 6     | 67,253           | 49,500           |
| Share Portfolio                   | 7     | 37,338           | 0                |
| Rent Arrears – Taupo RSA Club     | 6     | 10,000           | 0                |
|                                   |       | <b>394,591</b>   | <b>339,500</b>   |
| <b>Fixed Assets</b>               |       |                  |                  |
| As per Schedule (at Book Value)   |       | <b>2,418,665</b> | <b>2,437,118</b> |
| <b>TOTAL ASSETS</b>               |       | <b>2,833,202</b> | <b>2,799,113</b> |
| <b>LESS LIABILITIES</b>           |       |                  |                  |
| <b>Current Liabilities</b>        |       |                  |                  |
| Accounts Payable                  |       | 8,979            | 4,415            |
| Accrued Expenses                  |       | 0                | 0                |
| <b>Total Liabilities</b>          |       | <b>8,979</b>     | <b>4,415</b>     |
| <b>NET ASSETS (LIABILITIES)</b>   |       | <b>2,824,223</b> | <b>2,794,698</b> |
| <b>REPRESENTED BY:</b>            |       |                  |                  |
| <b>Trust Capital</b>              |       |                  |                  |
| Retained Earning                  |       | 1,502,426        | 1,472,901        |
| EH Oliver Education Fund          |       | 90,000           | 90,000           |
| Capital Reserve: Land & Buildings |       | 1,231,797        | 1,231,797        |
| <b>TOTAL CAPITAL (DEFICIT)</b>    |       | <b>2,824,223</b> | <b>2,794,698</b> |

“For and on behalf of the Trustees:

Trustee \_\_\_\_\_

Trustee \_\_\_\_\_

Date \_\_\_\_\_

# TAUPO RSA TRUST INCORPORATED

## STATEMENT OF MOVEMENT IN CAPITAL

for the Year Ended 31 December 2013

### STATEMENT OF MOVEMENT IN CAPITAL for The Period Ended 31 December 2013

|                                      | Notes | 2013             | 2012             |
|--------------------------------------|-------|------------------|------------------|
| Equity at Start of Period            |       | 1,472,901        | 1,488,031        |
| Net Surplus (Deficit) for the Period |       | (8,658)          | (18,174)         |
|                                      |       | 1,464,243        | 1,469,857        |
| Bad Debts Recovered - RSA Lease      | 12    | 37,683           | 3,043            |
| PP Creditors Unclaimed               |       | 500              | 0                |
| <b>Retained Earnings</b>             |       | 1,502,426        | 1,472,901        |
| <u>PLUS:</u>                         |       |                  |                  |
| EH Oliver Education Fund             |       | 90,000           | 90,000           |
| Land & Buildings                     |       | 1,231,797        | 1,231,797        |
|                                      |       | 1,321,797        | 1,321,797        |
| <b>CAPITAL AT END OF PERIOD</b>      |       | <b>2,824,223</b> | <b>2,794,698</b> |

**TAUPO RSA TRUST INCORPORATED**  
**SCHEDULE OF FIXED ASSETS & DEPRECIATION**  
**for the Year Ended 31 December 2013**

|                 | Original<br>Cost | Open<br>WDV      | Additions<br>Date | Cost         | Disposal<br>Date | Cost     | Profit /<br>Loss | Depreciation<br>Rate | Amt           | Accum<br>Dpcn  | Closing<br>WDV   |         |
|-----------------|------------------|------------------|-------------------|--------------|------------------|----------|------------------|----------------------|---------------|----------------|------------------|---------|
| <b>Land</b>     |                  |                  |                   |              |                  |          |                  |                      |               |                |                  |         |
| Pensioner Flats | 159,000          | 159,000          |                   |              |                  |          |                  | 0                    |               |                | 159,000          |         |
| RSA Club        | 1,380,000        | 1,380,000        |                   |              |                  |          |                  | 0                    |               |                | 1,380,000        |         |
|                 | <b>1,539,000</b> | <b>1,539,000</b> |                   | <b>0</b>     |                  | <b>0</b> | <b>0</b>         |                      | <b>0</b>      | <b>0</b>       | <b>1,539,000</b> |         |
| <b>Property</b> |                  |                  |                   |              |                  |          |                  |                      |               |                |                  |         |
| Pensioner Flats | 479,766          | 437,088          |                   |              |                  |          |                  | 3                    | DV            | 13,113         | 55,791           | 423,975 |
| RSA Club Rooms  | 510,234          | 460,452          |                   |              |                  |          |                  | 3                    | DV            | 13,813         | 63,595           | 446,639 |
|                 | <b>990,000</b>   | <b>897,540</b>   |                   | <b>0</b>     |                  | <b>0</b> | <b>0</b>         |                      | <b>26,926</b> | <b>119,386</b> | <b>870,614</b>   |         |
| <b>Chattels</b> |                  |                  |                   |              |                  |          |                  |                      |               |                |                  |         |
| Stoves          | 4,130            | 578              |                   |              |                  |          |                  | 14.4                 | DV            | 83             | 3,636            | 495     |
| Heat Pumps      | 9,348            | 0                | Jul 13            | 9,348        |                  |          |                  | 20.0                 | DV            | 792            | 792              | 8,556   |
|                 | <b>13,478</b>    | <b>578</b>       |                   | <b>9,348</b> |                  | <b>0</b> | <b>0</b>         |                      | <b>875</b>    | <b>4,427</b>   | <b>9,051</b>     |         |
|                 | <b>2,542,478</b> | <b>2,437,118</b> |                   | <b>9,348</b> |                  | <b>0</b> | <b>0</b>         |                      | <b>27,801</b> | <b>123,813</b> | <b>2,418,665</b> |         |

*The accompanying notes form part of the financial statements.  
These financial statements should be read in conjunction with the attached Audit Report*



# TAUPO RSA TRUST INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

for the Year ended 31 December 2013

---

**1. Charities Commission Registration Number**

CC38069

**2. Revenue**

Total Revenue for the year amounted to \$46,628 (Last Year \$45,841).

**3. Statement of Accounting Policies**

The Taupo RSA Trust Inc is established under the Incorporated Societies Act 1908. It is NOT a reporting entity for the purposes of the Financial Reporting Act 1993 and the accompanying financial statements and notes have been prepared as "Special Purpose Reports."

Special Purpose Reports do not necessarily comply with the Financial Reporting Act 1993 and Generally Accepted Accounting Practice.

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified.

**a. Changes in Accounting Policies**

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

**b. Fixed Assets & Depreciation**

All fixed assets are recorded at cost price less accumulated depreciation, now using the diminishing value (DV) method of depreciation. Depreciation has been calculated using Inland Revenue prescribed rates (with the exception of buildings which have been depreciated at 3%) which are considered appropriate by the committee and are recorded in the schedule of Fixed Assets & Depreciation.

**c. Goods & Services Tax**

These financial statements have been prepared on a GST exclusive basis, but included in the Accounts Receivable and Payable. The Pensioner Flats are GST exempt.

**d. Income Tax**

The Trust is exempt from income tax.

**e. Investments**

Investments are stated at cost.

**f. Receivables**

Receivables are stated at their estimated realisable value.

## TAUPO RSA TRUST INCORPORATED

---

### g. Rents

Tenant's rentals are reviewed six monthly and adjusted annually.

### 4. Audit

The financial statements have been subject to audit; please refer to the Auditor's Report.

### 5. Westpac Term Deposits

The term deposits at 31 December 2013 total \$280,000 (2012 - \$290,000). Details of the investments are set out as follows:

|            | <b>TD0011</b>     | <b>TD0015</b> | <b>TD0016</b>   |
|------------|-------------------|---------------|-----------------|
| Purpose:   | R&S Beneficiaries | Education     | Trust Overheads |
| Principal: | 150,000           | 90,000        | 40,000          |
| Term:      | 182 Days          | 182 Days      | 182 Days        |
| Rate:      | 3.75%             | 3.75%         | 3.75%           |
| Matures    | 17/02/14          | 17/02/14      | 17/02/14        |

### 6. Taupo RSA Club Loan

The Trust has two financial arrangements with the RSA Club Inc; the Loan represents an advance of cash and part of the Club Rent Arrears which have been combined. There remains an outstanding rent arrear (\$10,000), which is payable on demand, but is interest free.

The balances of these arrangements are:

Loan - \$67,253 (\$9,930.60 repaid this period and interest paid of \$1,597.97).

Arrears - \$10,000

The loan has been personally guaranteed by the President of the Taupo RSA Club Inc.

See Note 12 for additional information.

### 7. Share Portfolio

The following shares were purchased to diversify investment and improve returns:

| <b>Company</b>             | <b>Shares</b> | <b>Yield</b> | <b>Value</b>  |
|----------------------------|---------------|--------------|---------------|
| Mighty River Power Limited | 7,600         | 6.25%        | 19,000        |
| Meridian                   | 12,225        | 6.00%        | 18,338        |
|                            |               |              | <b>37,338</b> |

a. \$1.00 of the \$1.50 purchase price of each Meridian Energy share has been paid. The balance of \$0.50 per share (\$6,113) is payable in May 2015. This has been included in the Statement of Financial position as a liability.

b. The shares are recorded at cost and do not reflect the market value at balance date.

### 8. Grants & Gifts

The following grants and gifts were made during the year:

|                 |                         |       |
|-----------------|-------------------------|-------|
| Tauhara College | 3 Bursaries             | 2,250 |
|                 | ANZAC Essay Competition | 350   |

## TAUPO RSA TRUST INCORPORATED

---

|                           |                         |       |
|---------------------------|-------------------------|-------|
| Taupo Nui-a-Tia College   | 3 Bursaries             | 2,250 |
|                           | ANZAC Essay Competition | 400   |
| Returned Service & Widows | Christmas Gifts Parcels | 3,826 |
| Welfare Assistance        |                         | 2,817 |

### 9. Contingent Liabilities

As at balance date there were no known contingent liabilities.

### 10. Related Parties

There have been no material related party transactions during the financial year for which these financial statements are prepared (2012 – Nil).

### 11. Audit Fee

In the preparation of these financial statements a provision for an audit fee to be charged in respect of these financial statements has been brought into account, as a creditor, based on the Auditor's quote.

### 12. Statement of Club Arrears

**Taupo RSA Club Inc for the Period Ended 31 December 2012.**

|  | <b>2013</b>   | <b>2012</b>   |
|--|---------------|---------------|
| Balance at 31 December 2012              | 37,683        | 35,348        |
| Interest Accrued – Jan to Feb 12         | 0             | 604           |
| Interest Accrued – Mar to Dec 12         | 0             | 3,470         |
|  | <u>37,683</u> | <u>39,422</u> |
| Less: Payment – 21 Feb 12                | 0             | 1,739         |
|  | <b>37,683</b> | <b>37,683</b> |
| Incorporated into new 2013 Loan [Note 6] | <u>27,683</u> |               |
| <b>Balance</b>                           | <b>10,000</b> |               |

The RSA Club rent arrears were previously managed as an un-coverable bad debt; it has now been put back into the Trust Balance Sheet as the Trust Board reconsidered that the arrears were recoverable.

The \$10,000 has been treated as a Term Asset in the Statement of Financial Position.

# TAUPO RSA TRUST INCORPORATED

---

## CHAIRMAN'S ANNUAL REPORT

This has been an interesting year with rumours and accusations from some ill-informed club members that the club rooms were being sold or were already sold. To set the record straight, some trustees were approached by a developer who wanted to purchase the property to develop a bowling alley. The Trust gave Harcourts a letter of engagement, with absolutely no conditions for a sale, to find out what sort of arrangement the developer was proposing. From the very outset, the developer, through Harcourts was informed by me, as Chairman of the Trust, that there would be no sale, but other options may be considered. This was endorsed by the other trustees. All such discussions have now ended.

Throughout this process the intention of the Trust was to get a significantly better club facility for returned and service members. The Trust had agreed to seek the endorsement of all returned and service members of the Taupo RSA Inc (the Founder) for any redevelopment proposal.

Relations between the Taupo RSA Club and the Trust became strained at times, the Trust was required by our auditor, to resolve the outstanding rent arrears as nothing was happening except the amount was increasing by the default interest rate. At balance date on 31 December 2012, the arrears in rent and the outstanding balance of the loan to the Club exceed \$87,000. So that some action could be taken the Trust issued a Notice of Demand. Subsequently an agreement was reached between both parties to combine the loan and rent arrears into one new loan agreement, at a repayment rate which was affordable to the Club. Some members may ask why the Club should be required to repay anything at all. Trustees by law are required to adhere to the Deed of Trust and we are personally liable for any act we take which is not within the Deed and forgiving this debt would be a breach of the Deed.

This year we have had heat pumps installed in all of the five flats owned by the Trust and all of the tenants have indicated their appreciation. We intend during 2014 and 2015 to have double glazing installed to compliment the heat pumps.

The Trusts financial position improved this year with the resolution of the rent arrears issue and reducing administrative costs. Although our total revenue only increased slightly, the Trust has been able to commence the improvement of its residential flats and increase the disbursements to its beneficiaries.

The challenge for the Trust has been to improve its revenue in the face of continued low interest rates and the RSA Club's inability to pay a realistic rent. We are slowly diversifying our investments away from bank deposits into better yielding 'gilt edge' company shares; hence the investment into the energy sector which provides rates of over 2 percent better than the banks.

The Trust's accounts show that the RSA Club's account is still making a significant loss. Under an earlier agreement with the Club, its rent will increase by 20 percent per annum until a more commercial level is reached. The low rent allowed by the Trust could be seen as a direct subsidy and contrary to the conditions of the Deed of Trust due to the membership mix of the Club.

There has been some turbulence this year with trustee membership. Apart from an administrative error by the Trust in regards to the length of tenure of one Trustee; the Trust has conducted the

## TAUPO RSA TRUST INCORPORATED

---

election of trustees in accordance with the Deed of Trust. To fix an anomaly that arose when the Association and Club amalgamated years ago; the Trust has amended the Deed of Trust to clarify who can be a trustee and the membership of a Special Meeting which elects trustees.

The Trust notifies members when new trustees are needed and I encourage all returned and service members to consider putting themselves forward for a three year term.

I thank fellow trustees for their valued input to Trust matters during what has been a rather difficult year, when because of the rumours spread by a handful of members, being a trustee did not win you any popularity votes.

**Randy Stone**

Chairman