



**TAUPO RSA TRUST INCORPORATED**

## **ANNUAL REPORT**

**2014**



**TAUPO RSA TRUST INCORPORATED**  
**FINANCIAL REPORTS**  
**for the Year Ended 31 December 2014**

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# TAUPO RSA TRUST INCORPORATED

## TRUST DIRECTORY

as at 31 December 2014

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### Nature of Business

Charitable Trust

### Registered Office

67 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	
Barry Calder	
John Carter	
Graeme Williams	
Diane Wilson	

### Accounting Year

31 December

### 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 2014

	Notes	2014	2013
<b>GROSS OPERATING</b>			
<b>PROPERTY</b>			
<b>RSA Club</b>			
<u>Revenue</u>			
Lease		6,900	6,000
		6,900	6,000
<u>Expenses</u>			
Maintenance		2,919	2,146
Depreciation		13,399	13,814
		16,318	15,960
Total RSA Club		(9,418)	(9,960)
<b>Flats</b>			
<u>Revenue</u>			
Rentals		27,867	26,884
		27,867	26,884
<u>Expenses</u>			
Rates		8,317	7,885
Repairs & Maintenance		6,472	1,245
Insurance		2,383	1,802
Depreciation		15,034	13,988
		32,206	24,920
Total Flats		(4,339)	1,964
<b>Property Income (Expenditure)</b>		<b>(13,757)</b>	<b>(7,996)</b>
<b>BENEFICIARIES</b>			
<b>Education</b>			
<u>Revenue</u>			
Interest Received		5,369	3,552
		5,369	3,552
<u>Expenses</u>			
Bursaries	8	4,500	4,500
Essays	8	850	750
		5,350	5,250
<b>Education Income (Expenditure)_</b>		<b>19</b>	<b>(1,698)</b>
<b>Returned &amp; Service</b>			
<u>Revenue</u>			
Interest Received		7,071	6,189
		7,071	6,189
<u>Expenses</u>			
Grants	8	2,089	2,817
Taupo Cadet Unit	8	2,424	0
Christmas Parcels	8	3,861	3,826
		8,374	6,643
<b>Returned &amp; Services Income (Expenditure)</b>		<b>(1,303)</b>	<b>(454)</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		103	509	
		103	509	
<u>Expenses</u>				
Grants	8	0	0	
		0	0	
<b>Community Income (Expenditure)</b>		<b>103</b>	<b>509</b>	
<b>Total Beneficiaries Income (Expenditure)</b>		<b>(1,181)</b>	<b>(1,643)</b>	
<b>GROSS OPERATING INCOME (EXPENDITURE)</b>		<b>(14,938)</b>	<b>(9,639)</b>	
<b>OVERHEADS</b>				
<u>Revenue</u>				
Donations		145	0	
Interest Received - Westpac		811	1,804	
Interest Received - RSA Loans		2,453	1,689	
		3,409	3,494	
<u>Expenses</u>				
Audit	11	2,000	2,000	
Bank Fees		53	61	
Legal		525	0	
Postal, Stationery, Printing & Adverting		148	408	
Subscriptions		44	44	
Valuations		600	600	
		3,370	2,513	
<b>Overheads Income over (Expenditure)</b>		<b>39</b>	<b>981</b>	
<b>NET INCOME (EXPENDITURE)</b>		<b>(14,899)</b>	<b>(8,658)</b>	



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# TAUPO RSA TRUST INCORPORATED

## STATEMENT OF FINANCIAL POSITION

for the Year Ended 31 December 2014

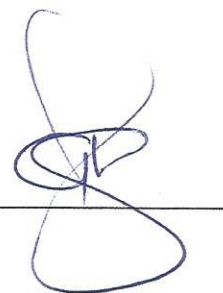
	Notes	2014	2013
<b>ASSETS</b>			
<b>Current Assets</b>			
Current Account - Westpac		8,301	15,792
Savings Account - Westpac		288,340	0
Accounts Receivable		1,035	0
GST Receivable		1,593	2,069
Prepayments		2,349	2,085
		<b>301,618</b>	<b>19,946</b>
<b>Term Assets</b>			
Term Deposits - Westpac	5	0	280,000
Term Loan – Taupo RSA Club	6	56,446	67,253
Share Portfolio	7	50,487	37,338
Rent Arrears – Taupo RSA Club	6	10,000	10,000
		<b>116,933</b>	<b>394,591</b>
<b>Fixed Assets</b>			
As per Schedule (at Book Value)		<b>2,410,623</b>	<b>2,418,665</b>
<b>TOTAL ASSETS</b>		<b>2,829,174</b>	<b>2,833,202</b>
<b>LESS LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable		10,967	8,979
Income in Advance		250	0
<b>Total Liabilities</b>		<b>11,217</b>	<b>8,979</b>
<b>NET ASSETS (LIABILITIES)</b>		<b>2,817,957</b>	<b>2,824,223</b>
<b>REPRESENTED BY:</b>			
<b>Trust Capital</b>			
Retained Earning		1,496,160	1,502,426
EH Oliver Education Fund		90,000	90,000
Capital Reserve: Land & Buildings		1,231,797	1,231,797
<b>TOTAL CAPITAL (DEFICIT)</b>		<b>2,817,957</b>	<b>2,824,223</b>

For and on behalf of the Trustees:

Trustee



Trustee



Date 26/03/2015

The accompanying notes form part of the financial statements.  
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# TAUPO RSA TRUST INCORPORATED

## STATEMENT OF MOVEMENT IN CAPITAL

for the Year Ended 31 December 2014

	Notes	2014	2013
Equity at Start of Period		1,502,426	1,472,901
Net Surplus (deficit)		(14,899)	(8,658)
		1,487,527	1,464,243
Revaluation – Share Portfolio		8,633	0
Creditors – Unclaimed PP		0	500
Bad Debts Recovered – Lease		0	37,683
<b>Retained Earnings</b>		<b>1,496,160</b>	<b>1,502,426</b>
<u>PLUS:</u>			
EH Olliver Education Fund		90,000	90,000
Land and Buildings		1,231,797	1,231,797
<b>CAPITAL AT END OF PERIOD</b>		<b>2,817,957</b>	<b>2,824,223</b>



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# TAUPO RSA TRUST INCORPORATED

## SCHEDULE OF FIXED ASSETS & DEPRECIATION for the Year Ended 31 December 2014

	Original Cost	Open WDV	Additions Date	Cost	Disposal Date	Cost	Profit / Loss	Depreciation Rate	Amt	Accum Dpcn	Closing 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	423,975	Jul 14	11,898				3.0	DV	13,251	431,115
			Sep 14	8,493						69,042	
RSA Club Rooms	510,234	446,639						3.0	DV	13,399	433,239
	<b>990,000</b>	<b>870,614</b>		<b>20,391</b>		<b>0</b>	<b>0</b>		<b>26,650</b>	<b>146,037</b>	<b>864,354</b>
<b>Chattels</b>											
Stoves	4,130	495						14.4	DV	71	423
Heat Pumps	9,348	8,556						20.0	DV	1,711	6,845
	<b>13,478</b>	<b>9,051</b>		<b>0</b>		<b>0</b>	<b>0</b>		<b>1,782</b>	<b>6,210</b>	<b>7,268</b>
	<b>2,542,478</b>	<b>2,418,665</b>		<b>0</b>		<b>0</b>	<b>0</b>		<b>28,433</b>	<b>152,246</b>	<b>2,410,623</b>



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# TAUPO RSA TRUST INCORPORATED

## NOTES TO FINANCIAL STATEMENTS for the Year ended 31 December 2014

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1. **Charities Commission Registration Number**  
CC38069

2. **Revenue**  
Total Revenue for the year amounted to \$50,719 (Last Year \$46,628), an 8.8% increase.

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 has been no change in accounting policy with the exception of valuing investments at market value this year as opposed to a cost in the prior year. All other 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 Market Value as at balance date.

**f. Receivables**

Receivables are stated at their estimated realisable value.

**g. Rents**

Tenant's rentals are reviewed and adjusted annually.

## TAUPO RSA TRUST INCORPORATED

### 4. Audit

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

### 5. Westpac Term Deposits

The Westpac term Deposits were surrendered on maturity and their value was transferred to a Westpac Bonus Savings Account, as it returned a higher interest.

### 6. Taupo RSA Club Loan

The Trust has two financial arrangements with the Taupo RSA Club Inc; the Loan represents an advance of cash and part of the Club Rent Arrears which have been combined. This loan has been personally guaranteed by the President of the Taupo RSA Club Inc.

The balance of this Loan is: \$56,446 (\$10,806) repaid this period and interest paid of \$2,453).

There remains an outstanding rent arrear (\$10,000), which is payable on demand, but is interest free.

The balance of this arrears arrangement is: \$10,000 (the Arrears will be formalised in 2015)

See Note 12 for additional information.

### 7. Share Portfolio

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

Company	Shares	Yield	Value
Genesis Energy	2,914	6.1%	6,323
Mighty River Power Limited	7,600	6.2%	22,648
Meridian	12,225	7.4%	21,516
			<b>50,487</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 the market value at balance date.

### 8. Grants & Gifts

The following grants and gifts were made during the year:

Tauhara College	3 x Bursaries	2,250
	ANZAC Essay Competition	450
Taupo Nui-a-Tia College	3 x Bursaries	2,250
	ANZAC Essay Competition	400
Taupo Cadet Unit	Training & Achievement	2,424
Returned & Service / Widows	Christmas Gifts Parcels	3,861
Returned & Service	Welfare Assistance	2,089
		<b>\$13,725</b>

## TAUPO RSA TRUST INCORPORATED

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**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 (2014 – 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 Rent Arrears**

**Taupo RSA Club Inc for the Period Ended 31 December 2014.**

Balance at 31 December 2013	10,000
Interest Accrued	<u>0</u>
<b>Balance</b>	<b>10,000</b>

The RSA Club rent arrears has been agreed, with the Taupo RSA Club Inc, as a recoverable debt, the terms and conditions were to be finalised in 2015.



# TAUPO RSA TRUST INCORPORATED

## CHAIRMAN'S ANNUAL REPORT

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Once again this has been a difficult year to be a trustee with communication between the Trust and the RSA Executive Committee proving very unsatisfactory. One attempt was made to improve communication when the RSA President was invited to attend Trust meetings with an understanding that a Trustee sat in on RSA Executive meetings. The President chose to attend just two meetings and no invitation was made for a Trustee to attend a RSA meeting.

Further to this, a formal complaint made by the Trust to the President on 22nd April 2014, for some action to be taken against a member for what was considered offensive and slanderous comments at the AGM, about "arrogant" and "self-serving" trustees, who should be "made to hand back their medals" was never acknowledged or actioned. Throughout the year, every action or decision made by the Trust was deemed unlawful or illegal by another disgruntled club member, from the same family, who chose to include the District President and the CEO of the RNZRSA in his address group for communication so that our domestic differences became national. Again, no action was taken by the RSDA Executive to deal with this disruptive matter.

There is a growing misunderstanding among some RSA members that the funds held in Trust actually belong to the Taupo RSA Club. In fact at the AGM a member stated that "the Club borrowed their own money from the Trust for alterations and maintenance and is now paying interest on their own money to the Trust." This could not be further from the truth. The Trust is a registered Charitable Trust and funds are held for the benefit of Returned and Service members and their dependants, for education purposes and for any charitable purpose as defined by the Charitable Trust Act; not for the general running of a social and sports club such as the Taupo RSA Club. If the Taupo RSA Trust were to fold, all the assets (property and cash) held by the Trust would go to another Charitable Trust, not the Taupo RSA Inc or the Taupo RSA Club Inc

While Trust members are subject to legal obligations created by the Deed of Trust and by laws relating to Charitable Trusts, we as trustees have been very conscious that it is not now or in the immediate future in our best interest for the Taupo RSA to close because of financial difficulties. During 2013 the Trust (as landlord) commissioned a comprehensive report on the building rented by the Taupo RSA Club and that report portrays a gloomy picture. Now, following events in Christchurch, any major structural maintenance will be subject to stiff regulations regarding earthquakes. It is the intention of the Trust, as legal owners of the building, to investigate in a proper and thorough way, improvement options for the building. The Trustees can give an assurance to all Taupo RSA members that the Trust is not going to do anything it should not, I quote here, a notice of motion which was **passed** unanimously by trustees at a meeting of the Trust held on 29<sup>th</sup> October 2013.

*"Moved R Lowe*

*Seconded G McDowell*

*THAT the Taupo RSA Trust Inc are not to proceed with any development of the RSA site situated at 67 Horomatangi Street Taupo without having first received the endorsement of the Taupo RSA founding members at an Extraordinary meeting of the Taupo RSA Founders expressly called for this purpose."*

(NB: the Taupo RSA Founders referred to in this motion is the Taupo RSA Inc)

The Trust's financial position declined slightly this year, despite a modest 8.8% increase in revenues. The Trust provided increased expenditure in welfare grants, which is a good thing. However the higher

than expected maintenance costs on the flats and the continuing high loss in the Taupo RSA Club rental account seriously compromised the Trust's plans for increased welfare expenditure to its beneficiaries.

On the positive side, the investment in the energy sector has proven extremely beneficial in consolidating the Trust's investment value. The good dividends on shares and the careful investment in Westpac retail deposits has ensured that the Trust has been able to maintain its returns on its cash assets.

The agreed Taupo RSA Club's annual rental increase continued in 2014 and for 2015. The Trust and the Taupo RSA have agreed to carry out a feasibility study into the improvement of the current RSA Club facilities with an aim to providing a modern and functional building that will ensure increased patronage and upholding the 'esprit-de-corps' of the RSA.

We are look forward to a positive 2015. I thank all members of the Taupo RSA Trust, each has his own function on the Trust Board, and all have made a significant contribution, however thankless it may have been.

**Randy Stone**  
Chairman

sarahdillon@absoluteauditing.com  
PO Box 16475, Bethlehem, Tauranga 3147  
Phone (027) 430 8707

## **INDEPENDENT AUDITOR'S REPORT**

**To: The Trustees of Taupo RSA Trust Incorporated**

### **Report on the Financial Statements**

We have audited the financial statements of Taupo RSA Trust Incorporated on pages 4 to 11, which comprise the Financial Position as at 31 December 2014, and the Statement of Financial Performance for the year ended 31 December 2014, Statement of Movements in Capital for the year ended 31 December 2014, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared as "Special Purpose Reports".

### **Trustees Responsibility for the Financial Statements**

The Trustees are responsible for the preparation and fair presentation of these financial statements which gives a true and fair view of the financial position of the Trust as at 31 December 2014 and for such internal control as the Trustees determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in Taupo RSA Trust Incorporated.

## **Opinion**

In our opinion, the financial statements on pages 4 to 11 give a true and fair view of the financial position of Taupo RSA Trust Incorporated as at 31 December 2014 and the results of its operations for the year ended on that date.

## **Basis of Accounting**

Without modifying our opinion, we draw attention to the Statement of Accounting Policies Note in the Financial Statements which describes the basis of accounting. The Financial Statements are prepared as "Special Purpose Reports". As a result, the financial statements may not be suitable for another purpose.

*Absolute Auditing Ltd.*

27 March 2015  
Absolute Auditing Ltd  
Turangi, New Zealand