



TAUPO RSA TRUST INCORPORATED

ANNUAL REPORT

2015



TAUPO RSA TRUST INCORPORATED
FINANCIAL REPORTS
for the Year Ended 31 December 2015

Contents	Page
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 2015

Nature of Business

Charitable Trust

Registered Office

67 Horomatangi Street
Taupo

Postal Address

PO Box 2358
Taupo 3351

Auditor

Absolute Auditing Limited
PO Box 16475
Tauranga 3147

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 2015

	Notes	2015	2014
GROSS OPERATING			
PROPERTY			
RSA Club			
<u>Revenue</u>			
Lease		8,280	6,900
		8,280	6,900
<u>Expenses</u>			
Maintenance		0	2,919
Depreciation		12,997	13,399
		12,997	16,318
Total RSA Club		(4,717)	(9,418)
Flats			
<u>Revenue</u>			
Rentals		28,210	27,867
		0	27,867
<u>Expenses</u>			
Rates		8,624	8,317
Repairs & Maintenance		6,268	6,472
Insurance		2,565	2,383
Write-Off		655	0
Depreciation		14,363	15,034
		32,475	32,206
Total Flats		(4,265)	(4,339)
Property Income (Expenditure)		(8,982)	(13,757)
BENEFICIARIES			
Education			
<u>Revenue</u>			
Interest Received		5,861	5,369
		5,861	5,369
<u>Expenses</u>			
Scholarships	7	5,000	4,500
Essays	7	800	850
		5,800	5,350
Education Income (Expenditure)		61	19
Returned & Service			
<u>Revenue</u>			
Interest Received		3,829	7,071
		3,829	7,071
<u>Expenses</u>			
Grants	7	2,528	2,089
Taupo Cadet Unit	7	978	2,424
Christmas Parcels	7	3,130	3,861
		6,636	8,374
Returned & Services Income (Expenditure)		(2,807)	(1,303)

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

Community		
<u>Revenue</u>		
Interest Received		103
	0	103
<u>Expenses</u>		
Grants	7	0
	0	0
Community Income (Expenditure)		103
	0	103
Total Beneficiaries Income (Expenditure)		(1,181)
	(2,746)	(1,181)
GROSS OPERATING INCOME (EXPENDITURE)		(14,938)
	(11,728)	(14,938)
OVERHEADS		
<u>Revenue</u>		
Donations		145
Interest Received - Westpac		811
Interest Received - RSA Loans		2,453
	5,843	3,409
<u>Expenses</u>		
Advertising, Marketing & Communications		0
Audit	10	2,000
Bank Fees		53
Legal		525
Postal, Stationery, Printing		148
Subscriptions		44
Valuations		600
Depreciation		0
	5,807	3,370
Overheads Income over (Expenditure)		39
	36	39
NET INCOME (EXPENDITURE)		(14,899)
	(11,693)	(14,899)

TAUPO RSA TRUST INCORPORATED

STATEMENT OF FINANCIAL POSITION

for the Year Ended 31 December 2015

	Notes	2015	2015
ASSETS			
Current Assets			
Current Account - Westpac		2,157	8,301
Savings Account - Westpac		321,843	288,340
Accounts Receivable		0	1,035
GST Receivable		1078	1,593
Prepayments		2,419	2,349
		327,497	301,618
Term Assets			
Term Loan – Taupo RSA Club	5	45,203	56,446
Share Portfolio	6	56,900	50,487
Rent Arrears – Taupo RSA Club	5/11	0	10,000
		102,103	116,933
Fixed Assets			
As per Schedule (at Book Value)		2,385,487	2,410,623
		2,815,087	2,829,174
TOTAL ASSETS			
LESS LIABILITIES			
Current Liabilities			
Accounts Payable		2,410	10,967
Income in Advance		0	250
Total Liabilities		2,410	11,217
		2,812,677	2,817,957
NET ASSETS (LIABILITIES)			
REPRESENTED BY:			
Trust Capital			
Retained Earning		1,490,880	1,496,160
EH Oliver Education Fund		90,000	90,000
Capital Reserve: Land & Buildings		1,231,797	1,231,797
		2,812,677	2,817,957
TOTAL CAPITAL (DEFICIT)			

For and on behalf of the Trustees:

Trustee *S. Stone*

Date *6 April*

Trustee *[Signature]*

A

TAUPO RSA TRUST INCORPORATED

STATEMENT OF MOVEMENT IN CAPITAL

for the Year Ended 31 December 2015

	Notes	2015	2014
Equity at Start of Period		1,496,160	1502,426
Net Surplus (deficit)		(11,693)	(14,899)
		1,484,467	1,487,527
Revaluation – Share Portfolio		6,413	8633
Creditors – Unclaimed PP		0	0
Bad Debts Recovered – Lease		0	0
Retained Earnings		1,490,880	1,496,160
<u>PLUS:</u>			
EH Oliver Education Fund		90,000	90,000
Land and Buildings		1,231,797	1,231,797
CAPITAL AT END OF PERIOD		2,812,677	2,817,957

TAUPO RSA TRUST INCORPORATED

SCHEDULE OF FIXED ASSETS & DEPRECIATION for the Year Ended 31 December 2015

	Original Cost	Open WDV	Additions Date	Cost	Disposal Date	Cost	Profit / Loss	Depreciation Rate	Amt	Accum Dpcn	Closing WDV
Land											
Pensioner Flats	159,000	159,000						0			159,000
RSA Club	1,380,000	1,380,000						0			1,380,000
	1,539,000	1,539,000		0		0		0		0	1,539,000
Property											
Pensioner Flats	500,157	431,115						3.0 DV	12,933	81,975	418,182
RSA Club Rooms	510,234	433,239						3.0 DV	12,997	89,992	420,242
	1,010,391	864,355		0		0			25,931	11,967	838,424
Software											
Website	2,300	0	Dec 15	2300				50.0 DV	75	75	2225
	2,300	0		2300					75	75	2225
Chattels											
Stoves	4,130	423						14.4 DV	61	3,766	362
Heat Pumps	9,348	6,845						20.0 DV	1,369	3,872	5,476
	13,478	7,268		0		0			1,430	7,640	5,838
	2,565,169	2,410,623		2300		0			27,436	179,682	2,385,487

TAUPO RSA TRUST INCORPORATED

NOTES TO FINANCIAL STATEMENTS for the Year ended 31 December 2015

1. Charities Commission Registration Number

CC38069

2. Revenue

Total Revenue for the year amounted to \$52,023 (Last Year \$50,719), a 2.6% 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. 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 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. Taupo RSA Club Loan

The Trust had two financial arrangements, during the reporting with the Taupo RSA Club Inc:

- a. 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.

However, the President of the Taupo RSA Club Inc has informed the Trust that he is unable to meet the terms of this guarantee and this was the case when he gave the guarantee. This has invalidated the terms of the loan. The Trust and Club are now renegotiating the loan.

The balance of this Loan is: \$45,203.02 (\$11,242.89 repaid this period and interest paid of \$2,017.11).

- b. The outstanding rent arrear of \$10,000, which was payable on demand, but is interest free; has been repaid.

6. Share Portfolio

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

Company	Shares	Yield	Value
Genesis Energy	3,108	8.1%	5,998
Mighty River Power Limited	7,800	5.9%	21,684
Meridian	12,225	7.6%	29,218
			56,901

The shares are recorded at the market value at balance date.

7. Grants & Gifts

The following grants and gifts were made during the year:

Tauhara College	3 x Bursaries	2,250
	ANZAC Essay Competition	400
Taupo Nui-a-Tia College	3 x Bursaries	2,250
	ANZAC Essay Competition	400
Taupo Cadet Unit	Training & Achievement	1,478
Returned & Service / Widows	Christmas Gift Parcels	3,130
Returned & Service	Welfare Assistance	<u>2,528</u>
		\$12,436



TAUPO RSA TRUST INCORPORATED

8. Contingent Liabilities

As at balance date there were no known contingent liabilities.

9. Related Parties

Garry Lough, the Secretary/Treasurer of the Trust is a Director of Ninetyblack Ltd. Contracts have been awarded to Ninetyblack Limited; these contracts have been let on the basis of competitive quotes and vigorous assessment by the Trustees. Garry Lough was excused when discussion and decisions on these contracts were decided.

10. 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.

11. Statement of Club Rent Arrears

Taupo RSA Club Inc for the Period Ended 31 December 2015.

Balance at 31 December 2014	10,000
Interest Accrued	0
Amount repaid	<u>-10,000</u>
Balance	0

TAUPO RSA TRUST INCORPORATED

CHAIRMAN'S ANNUAL REPORT

Another frustrating year in the working relationship between the RSA Club and the RSA Trust. Misinformation spread by a handful of members did nothing to improve a situation which was already less than satisfactory, resulting in some Club members outwardly expressing their distrust of the Trust and its motives. Nothing could be further from the truth. Both the RSA Club and the RSA Trust share a common goal in the Association and Club's survival.

Both parties agreed to set up a joint working committee to identify areas of difference and a means of overcoming these and improving the existing club facilities and performance. Three meetings, chaired by the Club Patron Malcolm Flowers, were successfully held between representatives of both the Club's Executive Committee and the Trust. Regretfully consensus agreements reached by this Joint Working Committee were subsequently overturned by the full Executive Committee. Assistance offered by the Trust was also declined by the Executive Committee resulting in a stalemate in negotiations. The Trust therefore decided that, as a result of an internal influence being exerted by some Executive Committee members on others of that body, to obstruct Trust intentions, the Trust would discontinue offering assistance to the Club and to proceed alone, with a feasibility study on the upgrade or replacement of the existing premises.

A request that a letter be sent out to all RSA and Club members explaining the situation and relationship between the Club and the Trust was declined by the Club and so the Trust therefore placed a public notice in the Taupo Times early in October. This notice, published twice, gained many positive comments from both RSA Club members and members of the public.

The Trust has let contracts for the feasibility study on the redevelopment of the Horomatangi Street site and significant progress is expected in the first half of 2016.

The Trust is developing its own website to assist beneficiaries in the communication, information of redevelopment study and plans, welfare assistance and a better understanding of the roles, responsibilities and finances of the Trust. This should go live sometime in March 2016.

The Trust's financial position again declined slightly this year, despite a modest 2.6% increase in revenues. The ongoing loss in the RSA Club Rental Account (\$49,362 since 2011), the only non-charitable activity undertaken by the Trust, has continued to be a concern for the Trustees. The Trust provided an increase, although smaller than budgeted, in expenditure on welfare grants, which was a good thing. This year, due to the Club's refusal to enable the Trust to communicate with its beneficiaries (Returned & Service members of the Club) saw the need to identify alternate means of communicating. The resultant expenditure of nearly \$4,000 and a further \$3,500 in 2016 means that plans to significantly improve welfare outcomes for the Trust's beneficiaries has been put on hold.

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. However, the Trust will diversify its cash investments in 2016 as the indicators are for falling deposit rates.

The Trust was heartened by the President's forecast of improved Club trading and financial position during 2015 and into 2016. The Taupo RSA Club's annual rental increase continued for 2016/17 year.

We look forward to a positive 2016 year. I thank all Trustees 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 2015, and the Statement of Financial Performance for the year ended 31 December 2015, Statement of Movements in Capital for the year ended 31 December 2015, 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 2015 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 2015 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

7 April 2016
Absolute Auditing Ltd
Tauranga, New Zealand