

**QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**

Consolidated Annual Report  
For the year ended 31st March 2014

**QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**

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**QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**

**TRUST DIRECTORY**  
**FOR THE YEAR ENDED 31ST MARCH 2014**

<b><u>SETTLOR</u></b>	Graeme Morris Todd
<b><u>DATE SETTLED</u></b>	15 January 2007
<b><u>DATE OF INCORPORATION</u></b>	12 July 2007
<b><u>TRUSTEES</u></b>	D A Cole B J P Robertson D L Pezaro B P Donnelly S R Brent
<b><u>ACCOUNTANTS</u></b>	McCulloch & Partners P O Box 64 Queenstown
<b><u>SOLICITORS</u></b>	Anderson Lloyd Lawyers Queenstown  Cavell Leitch Queenstown  Preston Russell Queenstown
<b><u>BANKERS</u></b>	ASB Bank, Queenstown SBS Bank, Queenstown
<b><u>AUDITORS</u></b>	Deloitte, Dunedin
<b><u>IRD NUMBER</u></b>	97-121-805

**QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**

**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 31ST MARCH 2014**

	Note	Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
<b><u>INCOME</u></b>					
Development Property Sales		3,327,508	1,521,921	-	-
Cost of Development Property Sold		3,210,593	1,526,347	-	-
<b>Gross Surplus / (Deficit) from Property Sales</b>		<b>116,915</b>	<b>(4,426)</b>	<b>-</b>	<b>-</b>
<b><u>OTHER INCOME</u></b>					
Interest Received		258,912	107,843	8,523	10,520
Lease Rentals		118,640	81,604	-	-
Sundry Income		26,855	14,150	-	-
Application Fees Received		14,255	1,500	6,000	1,500
Starter Loan Fees		-	3,810	-	-
Grants Received		50,000	50,000	50,000	50,000
Property Management Fees Received		15,704	14,700	15,704	14,700
Depreciation Recovered		41,957			
Stakeholder Contributions Received		1,226,250	450,000	1,226,250	450,000
HNZ Loan Amortisation	8	200,000	192,050	200,000	192,050
HNZC Grant Received		-	52,500	-	52,500
<b>TOTAL OTHER INCOME</b>		<b>1,952,573</b>	<b>968,157</b>	<b>1,506,477</b>	<b>771,271</b>
<b>TOTAL INCOME</b>		<b>2,069,488</b>	<b>963,731</b>	<b>1,506,477</b>	<b>771,271</b>
<b><u>LESS EXPENSES</u></b>					
<b><u>ADMINISTRATION EXPENSES</u></b>					
		92,985	91,479	46,784	45,557
<b><u>OPERATING EXPENSES</u></b>					
		40,277	43,841	16,743	25,085
<b><u>OTHER EXPENSES</u></b>					
Audit Fees	4	8,968	8,160	8,968	8,160
Auditors - Other Remuneration	4	28,544	103,262	28,544	103,262
Depreciation		156,000	136,410	-	-
Interest		254,294	132,532	-	5
Loss on Sale of Fixed Assets		-	25,061	-	-
Trustee Fees		84,769	84,931	84,769	84,931
Impairment Loss		-	-	-	-
Wages		106,700	100,649	106,700	100,649
<b>TOTAL OTHER EXPENSES</b>		<b>639,275</b>	<b>591,005</b>	<b>228,981</b>	<b>297,007</b>
<b>TOTAL EXPENSES</b>		<b>772,537</b>	<b>726,325</b>	<b>292,508</b>	<b>367,649</b>
<b><u>SURPLUS BEFORE EXTRAORDINARY ITEMS</u></b>		<b>1,296,951</b>	<b>237,406</b>	<b>1,213,969</b>	<b>403,622</b>
<b><u>CROWN GRANT INCOME</u></b>	11	6,009,337	-	6,009,337	-
<b><u>LESS TAX EXPENSE</u></b>	11	6,012,815	-	6,012,815	-
<b><u>SURPLUS FOR THE YEAR</u></b>		<b>1,293,473</b>	<b>237,406</b>	<b>1,210,491</b>	<b>403,622</b>

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 2014**

	<b>Group 2014 \$</b>	<b>Group 2013 \$</b>	<b>Parent 2014 \$</b>	<b>Parent 2013 \$</b>
Opening Balance	7,454,901	7,217,495	7,894,139	7,490,517
<b><u>PLUS</u></b> Surplus for the Year	1,293,473	237,406	1,210,491	403,622
Balance at Year End	<b><u>8,748,374</u></b>	<b><u>7,454,901</u></b>	<b><u>9,104,630</u></b>	<b><u>7,894,139</u></b>

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 2014**

	Note	Group 2014 \$	Group 2013 \$	Parent 2014 \$	Parent 2013 \$
<b><u>EQUITY</u></b>					
Trustees' Accumulated Income Account		8,748,374	7,454,901	9,104,630	7,894,139
<b><u>TOTAL EQUITY</u></b>		<b>8,748,374</b>	<b>7,454,901</b>	<b>9,104,630</b>	<b>7,894,139</b>
<b><u>REPRESENTED BY:-</u></b>					
<b><u>NON CURRENT ASSETS</u></b>					
Land and Buildings	5	9,786,177	7,325,568	-	-
Mortgages Issued	6	5,971,480	2,609,653	-	-
Advance QLCHT Developments Ltd		-	-	117,825	600,538
Advance Queenstown Housing Bonds		-	-	252,428	49,450
Advance QLCHT Property Portfolio		-	-	9,807,956	7,356,479
<b><u>TOTAL NON CURRENT ASSETS</u></b>		<b>15,757,657</b>	<b>9,935,221</b>	<b>10,178,210</b>	<b>8,006,467</b>
<b><u>CURRENT ASSETS</u></b>					
Development Land		-	1,186,444	-	-
ASB Bank Accounts		586,895	478,445	376,186	54,605
SBS Bank Accounts		219,840	232,962	5,493	103,154
Deposits on Behalf		-	11,855	-	-
Work in Progress	7	105,362	1,557,287	-	-
Tax Receivable		-	1,877	19	19
Accounts Receivable	11	6,009,337	-	6,009,337	-
Accrued Interest		12,691	6,095	805	129
GST		8,790	120,172	6,899	5,839
Current Portion - Advance QLCHT Developments Ltd		-	-	-	1,403,332
Current Portion - Advance QLCHT Property Portfolio Ltd		-	-	19,600	19,596
<b><u>TOTAL CURRENT ASSETS</u></b>		<b>6,942,915</b>	<b>3,595,137</b>	<b>6,418,340</b>	<b>1,586,674</b>
<b><u>TOTAL ASSETS</u></b>		<b>22,700,572</b>	<b>13,530,358</b>	<b>16,596,550</b>	<b>9,593,141</b>

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 2014**

	Note	Group 2014	Group 2013	Parent 2014	Parent 2013
<b><u>LESS LIABILITIES</u></b>					
<b><u>NON CURRENT LIABILITIES</u></b>					
SBS Term Loans	8	553,800	409,243	-	-
Central Lakes Trust Advance	9	5,653,981	2,586,227	-	-
Housing Corp NZ Ltd	8	1,450,368	1,669,968	1,450,367	1,669,968
<b><u>TOTAL NON CURRENT LIABILITIES</u></b>		<b>7,658,149</b>	<b>4,665,438</b>	<b>1,450,367</b>	<b>1,669,968</b>
<b><u>CURRENT LIABILITIES</u></b>					
Current Portion of SBS Term Loans	8	12,258	946,702	-	-
Current Portion of Central Lakes Trust Advance	9	155,096	63,728	-	-
Accounts Payable		88,758	382,455	25,018	25,539
Accruals		21,402	13,638	3,720	-
PA YE Deductions Payable		3,720	3,496	-	3,496
Tax Payable	11	6,012,815	-	6,012,815	-
<b><u>TOTAL CURRENT LIABILITIES</u></b>		<b>6,294,049</b>	<b>1,410,019</b>	<b>6,041,553</b>	<b>29,035</b>
<b><u>TOTAL LIABILITIES</u></b>		<b>13,952,198</b>	<b>6,075,457</b>	<b>7,491,920</b>	<b>1,699,003</b>
<b><u>NET ASSETS AS PER TOTAL EQUITY</u></b>		<b>8,748,374</b>	<b>57,454,901</b>	<b>59,104,630</b>	<b>57,894,138</b>

Signed  Trustee

Date 17.06.2014

Signed  Trustee

Date 17.06.2014

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 2014

#### 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 in New Zealand 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 revenue from stakeholder contributions are recognised upon receipt. Interest revenue is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable. Property contribution recognised at fair value.

##### **Depreciation**

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

##### **Taxation**

The income tax expenses required in the statement of financial performance is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable in prior years. Deferred tax is not accounted for, due to the election of the Trust to apply differential reporting exemptions.

##### **Fixed Assets**

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

##### **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.

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 2014

#### **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 subsidiaries 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.

Investments 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.

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 2014

#### NOTES

##### **1. Capital Commitments**

As at 31 March 2014 the Group is committed to 1 property purchase under the Shared Ownership Scheme, the total of these funding commitments is \$112,050 (2013: \$386,830) and at balance date the Group had a total capital commitment of \$Nil (2013: \$1,584,309). The prior year commitment of \$1,584,309 represented the committed construction of 10 houses on lots 1-10 Nerin Square, Lake Hayes Estate.

During the year the Group received land at Suffolk Street from Council. The condition on transfer of this land is that it is to be developed. No commitment to contractors has been made at year end. In the event the land is not developed, this will be transferred back to Council for \$1.

##### **2. Contingent Liabilities**

As at 31 March 2014, the Trust is in dispute with a supplier regarding landscaping services provided. The supplier is claiming \$93,000. The dispute is likely to be resolved through an arbitration process, the disclosure of any estimate of liability could be prejudicial to the Groups ability to minimise the effect of any claim should it materialise.

##### **3. Related Parties**

Stephen Brent is a partner in the firm Cavell Leitch, which is one of the legal firms providing legal services to the Group. In 2014 the aggregate of these payments totalled \$10,656. Mr Brent was previously a partner in Anderson Lloyd (2013: Anderson, Lloyd \$36,497).

The Parent has advanced \$117,825 (2013:\$ 2,003,870) to its subsidiary QLCHT Developments Limited. The advance is interest free and repayable upon demand.

The Parent has advanced \$9,827,556 (2013:\$7,376,075) to its subsidiary QLCHT Property Portfolio Limited. The advance is interest free and repayable upon demand.

The Parent has advanced \$252,428 (2013:\$ 49,450) to its subsidiary Queenstown Housing Bonds Limited. The advance is interest free and repayable upon demand.

During the year ended 31 March 2014, QLCHT Developments Limited sold \$1,048,183 (2013: \$526,643) of Land and Buildings to QLCHT Property Portfolio Limited.

##### **4. Fees Paid to Auditors**

	<b>Group</b>		<b>Parent</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Audit Services	8,968	8,160	8,967	8,160
Taxation Advisory Services	28,544	103,262	28,544	103,262
<b>Total as At 31 March 2014</b>	<b>37,512</b>	<b>111,422</b>	<b>37,511</b>	<b>111,422</b>

Fees paid to Deloitte regarding taxation advisory services were in relation to assistance with the matters referred to in note 11. These fees were completely independent of the audit process.

**QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2014**

**5. Fixed Assets**

2014	Cost	Group		Net Book Value
		Depn Charge	Accumulated Depn	
Land	4,284,846	-	-	4,284,846
Buildings	5,945,857	155,818	445,291	5,500,566
Plant and Equipment	1,324	58	559	765
<b>Total as At 31 March 2014</b>	<b>10,232,027</b>	<b>155,876</b>	<b>445,850</b>	<b>9,786,177</b>

2014	Cost	Parent		Net Book Value
		Depn Charge	Accumulated Depn	
Land	-	-	-	-
Buildings	-	-	-	-
Plant and Equipment	-	-	-	-
<b>Total as At 31 March 2014</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

2013	Cost	Group		Net Book Value
		Depn Charge	Accumulated Depn	
Land	2,768,373	-	-	2,768,373
Buildings	4,904,328	136,163	347,381	4,556,947
Plant and Equipment	625	247	377	248
<b>Total as At 31 March 2013</b>	<b>7,673,326</b>	<b>136,410</b>	<b>347,758</b>	<b>7,325,568</b>

2013	Cost	Parent		Net Book Value
		Depn Charge	Accumulated Depn	
Land	-	-	-	-
Buildings	-	-	-	-
Plant and Equipment	-	-	-	-
<b>Total as At 31 March 2013</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2014**

**6. Mortgages Issued**

		<b>Group</b>		<b>Parent</b>	<b>Parent</b>
		<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
		\$	\$	\$	\$
Mortgage #1	28 January 2017	224,484	229,890		
Mortgage #2	Repaid in full	-	267,540	-	-
Mortgage #3	28 February 2017	172,272	176,395	-	-
Mortgage #4	Repaid in full	-	290,065	-	-
Mortgage #5	13 April 2017	207,380	214,121	-	-
Mortgage #6	18 October 2017	295,894	302,387	-	-
Mortgage #7	19 October 2017	334,901	345,668	-	-
Mortgage #8	26 October 2017	271,640	277,601	-	-
Mortgage #9	9 November 2017	308,870	317,285	-	-
Mortgage #10	29 November 2017	184,672	188,701	-	-
Mortgage #11	19 April 2018	269,092	-	-	-
Mortgage #12	10 April 2018	310,336	-	-	-
Mortgage #13	24 May 2018	282,052	-	-	-
Mortgage #14	8 May 2018	369,585	-	-	-
Mortgage #15	5 June 2018	292,613	-	-	-
Mortgage #16	4 June 2018	292,613	-	-	-
Mortgage #17	14 June 2018	327,324	-	-	-
Mortgage #18	7 June 2018	362,094	-	-	-
Mortgage #19	21 June 2018	322,948	-	-	-
Mortgage #20	20 June 2018	293,126	-	-	-
Mortgage #21	8 October 2018	317,173	-	-	-
Mortgage #22	22 November 2018	257,859	-	-	-
Mortgage #23	14 February 2019	274,552	-	-	-
<b>Total as At 31 March 2014</b>		<b>5,971,480</b>	<b>2,609,653</b>	<b>-</b>	<b>-</b>

All Mortgages have a five year term and are secured by registered charge over the certificate of title of the property purchased. Interest is charged on the Mortgages at rates of between 4.09% to 5.2% per annum

**7. Development Work in Progress**

	<b>Group</b>		<b>Parent</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	\$	\$	\$	\$
Opening Balance	1,557,287	241,842	-	-
Plus Additions	2,800,683	3,370,913	-	-
Less Disposals	(3,210,593)	(1,526,347)	-	-
Less Transferred to PP&E	(1,042,015)	(529,121)	-	-
<b>Total as At 31 March 2014</b>	<b>105,362</b>	<b>1,557,287</b>	<b>-</b>	<b>-</b>

**QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014**

**8. Borrowings**

	<b>Group 2014 \$</b>	<b>2013 \$</b>	<b>Parent 2014 \$</b>	<b>2013 \$</b>
<b>Housing NZ -Loan 1</b>				
Opening Balance	1,193,034	1,385,084	1,193,034	1,385,084
Less Amortisation	(200,000)	(192,050)	(200,000)	(192,050)
Closing Balance	993,034	1,193,034	993,034	1,193,034
	<b>Group 2014 \$</b>	<b>2013 \$</b>	<b>Parent 2014 \$</b>	<b>2013 \$</b>
<b>Housing NZ -Loan 2</b>				
Opening Balance	476,934	367,500	476,934	367,500
Less Repayments	(19,600)	(13,066)	-	(13,066)
Plus Drawdowns	-	122,500	-	122,500
Closing Balance	457,334	476,934	476,934	476,934
<b>Total Housing NZ Loan Balance</b>	<b>1,450,368</b>	<b>1,669,968</b>	<b>1,469,968</b>	<b>1,669,968</b>

Loan 1 is interest free (subject to meeting the terms of the agreement) and will be terminated 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 from the date of each individual draw down. In 2014, \$200,000 was amortised leaving an unamortised balance of \$993,034 which will continue to be amortised on the basis the conditions of the suspensory loan agreement are complied with.

Loan 2 was advanced from Housing New Zealand for the purposes of financing the Rentsaver Scheme. This loan is interest free for 10 years from the 15<sup>th</sup> November 2011 and due for repayment 15 November 2036.

HNZ Loans 1 and 2 are secured through a general security agreement over the assets of the Trust and QLCHT Property Portfolio Limited. HNZ Loan 2 has additional security in the form of a second ranking mortgage over the properties included in the Rentsaver scheme.

**QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2014**

**8. Borrowings (cont'd)**

	Group		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>SBS Term Loans</b>				
Opening Balance	1,355,945	416,596	-	-
Plus Drawdowns	167,500	946,702	-	-
Less Repayments	(957,387)	(7,353)	-	-
<b>Closing Balance</b>	<b>566,058</b>	<b>1,355,945</b>	-	-

	Group		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
<b>SBS Term Loans</b>				
Current Portion	12,258	946,702	-	-
Non-Current Portion	553,800	409,243	-	-
<b>Closing Balance</b>	<b>566,058</b>	<b>1,355,946</b>	-	-

The SBS loan balance consists of \$287,955 that is due for repayment on the 12 March 2037 and has interest charged at a rate of 6.15% p.a., \$113,475 due for repayment on the 15 November 2036 and has interest charged at a rate of 6.15% p.a. and the remaining portion of \$164,628 due for repayment on 16 May 2038 and has interest charged at a rate of 6.15% p.a.

All of the Loans with SBS are secured over the certificate of title of the properties included within the Rentsaver Scheme

**9. Central Lakes Trust**

	Group		Parent	
	2014	2013	2014	2013
	\$	\$	\$	\$
Current Portion	155,096	63,728	-	-
Non Current Portion	5,653,981	2,586,227	-	-
<b>Total</b>	<b>5,809,077</b>	<b>2,649,955</b>	-	-

The advance is secured with a general security arrangement over the assets of the Trust and has a guarantee of indemnity from the Queenstown Lakes District Council. The loan from Central Lakes Trust consists of four separate tranches of funding. The first of \$1,235,488 has interest charged on it of 4.45% p.a. and is due to be repaid on the 27 January 2017. The second of \$1,350,739 has interest charged on it of 4.17% p.a. and is due to be repaid on the 21 September 2017. The third of \$1,266,140 has interest charged on it of 3.34% p.a. and is due to be repaid on the 25 April 2018. The fourth of \$1,956,711 has interest charged on it of 3.34% p.a. and is due to be repaid on 25 June 2018.

**QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2014**

**10. Subsidiaries**

Name of entity Subsidiary	Balance Date	Country of Incorporation	Ownership interest	
			2014 %	2013 %
QLCHT Developments Limited	31-March	New Zealand	100%	100%
QLCHT Property Portfolio Limited	31-March	New Zealand	100%	100%
Queenstown Housing Bonds Limited	31 March	New Zealand	100%	100%

**11. Extraordinary Items**

During the year ended 31 March 2014 the Trustees and management have negotiated a final settlement with respect to the historical tax issues arising from the Trust's Charitable status being revoked with retrospective application from 2 March 2011.

In consultation with the Inland Revenue Department the Trust determined the following tax obligations in respect of current and prior financial periods:

	\$
31 March 2008	1,157,438
31 March 2009	2,929,286
31 March 2010	74,561
31 March 2011	202,283
31 March 2012	626,736
31 March 2013	167,749
31 March 2014	854,762
<b>Total</b>	<b><u>6,012,815</u></b>

The tax assessments for each of the current and prior periods has been agreed with the Inland Revenue Department and is considered a full and final settlement of the historical tax position.

The Trustees have negotiated a settlement arrangement with the Crown whereby the Crown has agreed to fund the settlement of the historical tax obligations. Included in the financial statements for the year ended 31 March 2014 is a Crown grant for \$6,009,337 reflecting the Crown's commitment to fund the tax obligations noted above.



**QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST MARCH 2014**

**11. Extraordinary Items cont'd**

The Trustees continue to work with various parties, including the Inland Revenue Department, legislators and politicians regarding the ongoing impacts arising from changes to taxation legislation affecting the Trust.





**INDEPENDENT AUDITOR'S REPORT  
TO THE TRUSTEES OF  
QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**

**Report on the Financial Statements**

We have audited the financial statements of Queenstown Lakes Community Housing Trust and group on pages 2 to 14, which comprise the consolidated and separate statements of financial position of Queenstown Lakes Community Housing Trust, as at 31 March 2014, the consolidated and separate statements of financial performance, statements of movements in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

***Board of Trustees' Responsibility for the Financial Statements***

The Board of Trustees are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the Board of Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibilities**

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 and 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate 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 control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall 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 and the provision of taxation advice, we have no relationship with or interests in Queenstown Lakes Community Housing Trust or any of its subsidiaries.

**Opinion**

In our opinion, the financial statements on pages 2 to 14:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of Queenstown Lakes Community Housing and group as at 31 March 2014, and their financial performance for the year then ended.

**Report on Other Legal and Regulatory Requirements**

We also report in accordance with section 16 of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 March 2014:

- we have obtained all the information and explanations we have required; and
- in our opinion proper accounting records have been kept by Queenstown Lakes Community Housing as far as appears from our examination of those records.

**Chartered Accountants**  
17 June 2014  
Dunedin, New Zealand