

**Queenstown Lakes Community Housing Trust  
Consolidated Annual Report  
For the Year Ended  
31 March 2018**

**QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**  
**CONSOLIDATED ANNUAL REPORT**  
**For the Year Ended 31 MARCH 2018**

|  | <b>PAGE</b> |
|--|-------------|
| Directory                                      | 3           |
| Statement of Comprehensive Revenue and Expense | 4           |
| Statement of Movements in Equity               | 5           |
| Statement of Financial Position                | 6           |
| Statement of Cash Flows                        | 7           |
| Notes to the Financial Statements              | 8           |
| Audit Report                                   | 17          |

**QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**  
**TRUST DIRECTORY**  
**FOR THE YEAR ENDED 31 MARCH 2018**

|                              |   |
|------------------------------|---|
| <b>Settlor:</b>              | Graham Morris Todd  |
| <b>Date Settled:</b>         | 15 January 2007   |
| <b>Date of Incorporation</b> | 12 July 2007  |
| <b>Trustees</b>              | M Hawes<br>P B Southwick<br>G H A Hollyer<br>J M Conroy<br>R J Key<br>S R Brent (retired 31 March 2018)<br>J E Macdonald (appointed 1 April 2018) |
| <b>Accountants:</b>          | McCulloch + Partners<br>Chartered Accountants<br>P O Box 64<br>Queenstown 9348  |
| <b>Solicitors</b>            | Cavell Leitch<br>Queenstown   |
| <b>Bankers</b>               | ASB Bank, Queenstown<br>SBS Bank, Queenstown  |
| <b>Auditors</b>              | Deloitte Limited, Dunedin   |
| <b>IRD Number</b>            | 097-121-805   |

**QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**  
**STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE**  
**For the Year Ended 31 March 2018**

|   | Notes | Group<br>2018<br>\$ | Group<br>2017<br>\$ |
|---|-------|---------------------|---------------------|
| <b>Revenue From Exchange Transactions</b>                               |       |                     |                     |
| Property Sales  |       | 2,154,652           | 10,889,087          |
| Lease Rentals   |       | 702,052             | 436,292             |
| Sundry Income   |       | 2,000               | 33,924              |
| Property Management Fees Received                                       |       | 32,166              | 17,915              |
| Capital Gain on Disposal of Property Plant and Equipment                |       | 613,309             | 907,685             |
| Depreciation Recovered  |       | 85,569              | 170,001             |
| Stakeholder Contributions Received                                      | 4     | 1,720,565           | 3,404,221           |
| <b>Total Revenue From Exchange Transactions</b>                         |       | <b>5,310,313</b>    | <b>15,859,125</b>   |
| <b>Revenue From Non-Exchange Transactions</b>                           |       |                     |                     |
| Grants Received   |       | 50,000              | 50,000              |
| <b>Total Revenue From Non-Exchange Transactions</b>                     |       | <b>50,000</b>       | <b>50,000</b>       |
| <b>Other Income</b>   |       |                     |                     |
| Interest Received   |       | 118,649             | 193,711             |
| <b>Total Other Income</b>   |       | <b>118,649</b>      | <b>193,711</b>      |
| <b>Total Income</b>   |       | <b>5,478,962</b>    | <b>16,102,836</b>   |
| <b>Less Expenses</b>  |       |                     |                     |
| <b>Administration Expenses</b>  |       | 101,490             | 198,185             |
| <b>Cost of Goods Sold</b>   |       | 2,202,768           | 8,931,549           |
| <b>Operating Expenses</b>   |       | 218,780             | 143,566             |
| <b>Other Expenses</b>   |       |                     |                     |
| Audit Fees  | 5     | 9,060               | 9,318               |
| Depreciation  | 6     | 410,818             | 292,907             |
| Interest  |       | 247,742             | 519,344             |
| Trustee Fees  |       | 99,428              | 100,725             |
| Wages   |       | 152,860             | 125,600             |
| <b>Total Other Expenses</b>   |       | <b>919,908</b>      | <b>1,047,894</b>    |
| <b>Total Expenses</b>   |       | <b>3,442,946</b>    | <b>10,321,194</b>   |
|   |       | -                   |                     |
| <b>Surplus for the Year and Total Comprehensive Revenue and Expense</b> |       | <b>2,036,016</b>    | <b>5,781,642</b>    |

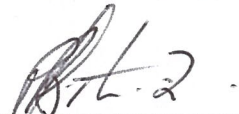
**QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**  
**STATEMENT OF MOVEMENTS IN EQUITY**  
**For the Year Ended 31 March 2018**

|                                   | Group<br>2018<br>\$ | Group<br>2017<br>\$ |
|-----------------------------------|---------------------|---------------------|
| <b>Opening Balance</b>            | 19,233,403          | 13,451,761          |
| <b>Plus</b>                       |                     |                     |
| Comprehensive Revenue and Expense | 2,036,016           | 5,781,642           |
|                                   | -                   | -                   |
| <b>Balance at Year End</b>        | <u>21,269,419</u>   | <u>19,233,403</u>   |


**QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2018**

Notes

|  |    | Group<br>2018<br>\$ | Group<br>2017<br>\$ |
|--|----|---------------------|---------------------|
| <b>Equity</b>                                      |    |                     |                     |
| Trustees' Accumulated Income Account               |    | 21,269,419          | 19,233,403          |
| <b>Total Equity</b>                                |    | <b>21,269,419</b>   | <b>19,233,403</b>   |
| <b>Represented By:</b>                             |    |                     |                     |
| <b>Non-Current Assets</b>                          |    |                     |                     |
| Property Plant and Equipment                       | 6  | 19,013,263          | 16,782,336          |
| Mortgages Issued                                   | 7  | -                   | 1,696,808           |
| Capital Work in Progress                           | 9  | 2,210,969           | 2,278,875           |
| <b>Total Non-Current Assets</b>                    |    | <b>21,224,232</b>   | <b>20,758,019</b>   |
| <b>Current Assets</b>                              |    |                     |                     |
| ASB Bank Accounts                                  |    | 1,103,352           | 842,721             |
| SBS Bank Accounts                                  |    | 3,613,537           | 2,818,784           |
| Tax Receivable                                     |    | 7,301               | 7,747               |
| Accounts Receivable                                |    | 13,954              | 704,579             |
| Accrued Interest                                   |    | 3,390               | 3,952               |
| Current Mortgages Issued                           | 7  | 1,390,143           | 171,329             |
| GST  |    | 4,324               | 25,650              |
| Development Work in Progress                       | 8  | 197,045             | 2,584,216           |
| <b>Total Current Assets</b>                        |    | <b>6,333,046</b>    | <b>7,158,978</b>    |
| <b>Total Assets</b>                                |    | <b>27,557,278</b>   | <b>27,916,997</b>   |
| <b>Less Liabilities</b>                            |    |                     |                     |
| <b>Non-Current Liabilities</b>                     |    |                     |                     |
| Term Loans   | 10 | 1,504,699           | 3,773,832           |
| Central Lakes Trust Advance                        | 11 | 3,831,152           | 3,905,446           |
| Housing NZ   | 10 | 359,334             | 378,934             |
| <b>Total Non-Current Liabilities</b>               |    | <b>5,695,185</b>    | <b>8,058,212</b>    |
| <b>Current Liabilities</b>                         |    |                     |                     |
| Current Portion of Term Loans                      | 10 | 34,466              | 41,543              |
| Current Portion of Central Lakes Trust Advance     | 11 | 74,294              | 71,385              |
| Current Portion of Housing New Zealand Corporation | 10 | 19,600              | 19,600              |
| Accounts Payable                                   |    | 432,942             | 470,509             |
| Accruals   |    | 26,966              | 17,584              |
| PAYE Deductions Payable                            |    | 4,406               | 4,761               |
| <b>Total Liabilities</b>                           |    | <b>6,287,859</b>    | <b>8,683,594</b>    |
| <b>Net Assets As Per Total Equity</b>              |    | <b>21,269,419</b>   | <b>19,233,403</b>   |

Signed  Trustee

17/07/18 Date

Signed  Trustee

17/07/18 Date

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



**QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended 31 March 2018**

|   | Notes | Group<br>2018<br>\$ | Group<br>2017<br>\$ |
|---|-------|---------------------|---------------------|
| <b>Cashflows from Operating Activities</b>  |       |                     |                     |
| <b>Cash Was Provided From</b>   |       |                     |                     |
| Receipts from Customers   |       | 2,877,256           | 11,376,877          |
| Proceeds from Mortgages Issued  |       | 477,994             | 2,819,728           |
| Grants Received   |       | 50,000              | 50,000              |
| Interest Received   |       | 119,211             | 200,660             |
| Stakeholder Contributions Received  |       | 2,424,803           | 2,699,984           |
| <b>Cash Was Dispersed To</b>  |       |                     |                     |
| Payments to Suppliers and Employees   |       | 193,763             | 12,031,746          |
| Trustee Fees  |       | 99,428              | 100,725             |
| Interest Paid   |       | 257,207             | 519,344             |
| <b>Net cash inflow/(outflow) from operating activities</b>                        | 13    | <b>5,398,866</b>    | <b>4,495,434</b>    |
| <b>Cashflows from Investing Activities</b>  |       |                     |                     |
| <b>Cash Was Provided From</b>   |       |                     |                     |
| Sale of Property Plant and Equipment  |       | 1,713,351           | 2,912,352           |
| <b>Cash Was Dispersed To</b>  |       |                     |                     |
| Payment For Capital Work in Progress and Purchase of Property Plant and Equipment |       | 3,689,637           | 4,373,968           |
| <b>Net cash inflow/(outflow) from investing activities</b>                        |       | <b>(1,976,286)</b>  | <b>(1,461,616)</b>  |
| <b>Cashflows from Financing Activities</b>  |       |                     |                     |
| <b>Cash Was Provided From</b>   |       |                     |                     |
| Proceeds From Borrowings  |       | -                   | -                   |
| <b>Cash Was Dispersed To</b>  |       |                     |                     |
| Repayment Of Borrowings   |       | 2,367,196           | 2,323,337           |
| <b>Net cash inflow/(outflow) from financing activities</b>                        |       | <b>(2,367,196)</b>  | <b>(2,323,337)</b>  |
| <b>Net (decrease)/increase in Cash and Cash Equivalents</b>                       |       | <b>1,055,384</b>    | <b>710,481</b>      |
| Cash and Cash Equivalents At The Beginning Of The Year                            |       | 3,661,505           | 2,951,024           |
| <b>Cash and Cash Equivalents at end of the year</b>                               |       | <b>4,716,889</b>    | <b>3,661,505</b>    |
| <b>Represented By:</b>  |       |                     |                     |
| ASB Bank Accounts   |       | 1,103,352           | 842,721             |
| SBS Bank Accounts   |       | 3,613,537           | 2,818,784           |
|   |       | <b>4,716,889</b>    | <b>3,661,505</b>    |

**QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 March 2018**

**STATEMENT OF ACCOUNTING POLICIES**

**Reporting Entity**

Queenstown Lakes Community Housing Trust operated in accordance with its Trust Deed and is 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. They comply with Public Benefit Entity Standards Reduced Disclosure Regime, as appropriate for Tier 2 not-for-profit public benefit entities.

**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**

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

Revenue from non-exchange transactions:

*Government grants and funding*

Revenues from non-exchange transactions with the Government and government agencies is recognised when the Group obtains control of the transferred asset (cash, goods, services, or property), and:

- ▶ it is probable that the economic benefits or service potential related to the asset will flow to the Group and can be measured reliably; and
- ▶ the transfer is free from conditions that require the asset to be refunded or returned to the Government if the conditions are not fulfilled.

Revenue from government grants and funding is measured at the fair value of the assets (cash, goods, services, or property) transferred over to the Group at the time of transfer.

To the extent that there is a condition attached that would give rise to a liability to repay the grant amount or to return the granted asset, a deferred revenue liability is recognised instead of revenue. Revenue is then recognised only once the Group has satisfied these conditions.

*Stakeholder contributions*

Stakeholder contributions are recognised as revenue when the Trust renders the services for which the contribution was levied. Stakeholder contributions that are received before the Trust is able to provide the service for which they are levied are recognised as liabilities until the Trust provides the services.

Revenue from exchange transactions:

*Interest revenue*

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available-for-sale, interest income is recorded using the effective interest rate.



**QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 March 2018**

**STATEMENT OF ACCOUNTING POLICIES**

Effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive revenue and expenses.

*Rental revenue*

Rental revenue arising from operating leases on properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of financial performance due to its operating nature.

*Development Revenue*

Revenue from the sale of Development Property is recognised when the significant risks and rewards of ownership have been transferred to the home owner and revenue can be reliably measured.

*Disposal of Property Plant and Equipment*

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

**Depreciation**

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

**Taxation**

The Trust is exempt from paying tax under the Income Tax Act 2007.

**Property Plant and Equipment**

Buildings are stated at cost less accumulated depreciation, and land is stated at cost, less any impairment. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially recognised at fair value

**Work in Progress**

Capital Work in Progress and Development Work in Progress are measured at cost, except items acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

**Accounts Receivable and Mortgages Issued**

Accounts receivable and mortgages issued are stated at amortised cost using the effective interest method, less impairment.

**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.

**Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date. The substance of the arrangement depends on whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

*Group as a lessor*

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term.

Rent received from an operating lease is recognised as income on a straight-line basis over the lease term

**QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 March 2018**

**Employee benefits**

*Wages, salaries and annual leave*

Liabilities for wages and salaries (including non-monetary benefits) and annual leave are recognised in surplus or deficit during the period in which the employee rendered the related services, and are generally expected to be settled within 12 months of the reporting date. The liabilities for these short-term benefits are measured at the amounts expected to be paid when the liabilities are settled.

**Borrowing costs**

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**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.

**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 31 March 2018**

**Notes**

**1. Capital Commitments**

As at 31 March 2018 the Group was committed to the purchase of 50 units in the Remarkables Park Complex at a cost of \$26,093,000. A deposit of \$2,609,300 was paid in April 2018. The balance is payable on completion in September 2019. (2017: \$Nil).

The Trust is currently building 6 houses in Cherwell Lane in the Shotover Country subdivision. The total project is budgeted to cost \$2,526,100 excluding land; at 31 March 2018 \$197,045 had been spent. The project is due for completion in July 2018.

The Trust is currently building 2 houses in the Northlake subdivision. The total project is budgeted to cost \$777,811 excluding land; at 31 March 2018 \$684,969 had been spent. The project is due for completion in January 2019.

**2. Contingent Liabilities**

As at 31 March 2018 the Trust has no contingent liabilities (2017: \$Nil).

**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 2018 the aggregate of these payments totalled \$29,917 (2017: \$19,036).

**4. Stakeholder Contributions Received**

|                             | Group<br>2018    | Group<br>2017<br>\$ |
|-----------------------------|------------------|---------------------|
| Cash Contributions          | 194,565          | 1,369,221           |
| Land Contributions          | 1,526,000        | 2,035,000           |
| <b>Total as at 31 March</b> | <b>1,720,565</b> | <b>3,404,221</b>    |

**5. Fees Paid to Auditors**

|                             | Group<br>2018<br>\$ | Group<br>2017<br>\$ |
|-----------------------------|---------------------|---------------------|
| Audit Services              | 9,060               | 9,318               |
| <b>Total as at 31 March</b> | <b>9,060</b>        | <b>9,318</b>        |

**6. Property Plant and Equipment**

| 2018                        | Group<br>Cost     | Purchases        | Sales or<br>Disposals | Depn<br>Charge | Accum<br>Depn    | Net<br>Book<br>Value |
|-----------------------------|-------------------|------------------|-----------------------|----------------|------------------|----------------------|
| Land                        | 4,546,525         | 1,248,287        | 325,288               | -              | -                | 5,469,524            |
| Buildings                   | 12,991,058        | 2,404,295        | 689,185               | 409,333        | 1,164,851        | 13,542,317           |
| Plant and Equipment         | 699               | 3,636            | -                     | 1,485          | 1,913            | 2,422                |
| <b>Total as at 31 March</b> | <b>17,538,282</b> | <b>3,656,218</b> | <b>1,014,473</b>      | <b>410,818</b> | <b>1,166,764</b> | <b>19,013,263</b>    |

| 2017                             | Group<br>Cost     | Purchases        | Sales or<br>Disposals | Depn<br>Charge | Accum<br>Depn  | Net<br>Book<br>Value |
|----------------------------------|-------------------|------------------|-----------------------|----------------|----------------|----------------------|
| Land                             | 3,613,165         | 1,568,777        | 635,417               | -              | -              | 4,546,525            |
| Buildings                        | 8,314,930         | 6,045,379        | 1,369,250             | 292,817        | 755,519        | 12,235,540           |
| Plant and Equipment              | 699               | -                | -                     | 90             | 428            | 271                  |
| <b>Total as at 31 March 2017</b> | <b>11,928,794</b> | <b>7,614,156</b> | <b>2,004,667</b>      | <b>292,907</b> | <b>755,947</b> | <b>16,782,336</b>    |

QUEENSTOWN LAKES COMMUNITY HOUSING TRUST  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Year Ended 31 March 2018

7. Mortgages Issued

|                             |                | Group<br>2018    | Group<br>2017    |
|-----------------------------|----------------|------------------|------------------|
|                             | Repayment      | \$               | \$               |
| Mortgage #10                | Repaid in full | -                | 171,329          |
| Mortgage #11                | Repaid in full | -                | 248,137          |
| Mortgage #14                | 8 May 2018     | 314,350          | 329,016          |
| Mortgage #15                | 5 June 2018    | 249,154          | 260,693          |
| Mortgage #19                | 21 June 2018   | 281,469          | 292,482          |
| Mortgage #20                | 20 June 2018   | 252,688          | 263,425          |
| Mortgage #24                | 20 June 2018   | 292,482          | 303,055          |
| <b>Total as at 31 March</b> |                | <b>1,390,143</b> | <b>1,868,137</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% and 4.92%p.a.

|                         | Group<br>2018    | Group<br>2017    |
|-------------------------|------------------|------------------|
|                         | \$               | \$               |
| <b>Mortgages Issued</b> |                  |                  |
| Current Portion         | 1,390,143        | 171,329          |
| Non-Current Portion     | -                | 1,696,808        |
| <b>Closing Balance</b>  | <b>1,390,143</b> | <b>1,868,137</b> |

8. Development Work in Progress

|   | Group<br>2018  | Group<br>2017    |
|---|----------------|------------------|
|   | \$             | \$               |
| Opening Balance                               | 2,584,216      | -                |
| Plus Additions                                | 452,249        | 2,584,216        |
| Less Transfer to Cost of Goods Sold           | (2,202,768)    | -                |
| Less Transfer to Property Plant and Equipment | (636,652)      | -                |
| <b>Total as at 31 March</b>                   | <b>197,045</b> | <b>2,584,216</b> |

9. Capital Work in Progress

|  | Group<br>2018    | Group<br>2017    |
|--|------------------|------------------|
|  | \$               | \$               |
| Opening Balance                                  | 2,278,875        | 7,216,209        |
| Plus Additions                                   | 2,451,706        | 2,278,875        |
| Less Transferred to Property Plant and Equipment | (2,519,612)      | (7,216,209)      |
| <b>Total as at 31 March</b>                      | <b>2,210,969</b> | <b>2,278,875</b> |

**QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 March 2018**

**10. Borrowings**

|                                      | <b>Group<br/>2018<br/>\$</b> | <b>Group<br/>2017<br/>\$</b> |
|--------------------------------------|------------------------------|------------------------------|
| Housing NZ                           |                              |                              |
| Opening Balance                      | 398,534                      | 418,134                      |
| Less Repayments                      | (19,600)                     | (19,600)                     |
| <b>Total Housing NZ Loan Balance</b> | <b>378,934</b>               | <b>398,534</b>               |
|                                      |                              |                              |
|                                      | <b>2018<br/>\$</b>           | <b>2017<br/>\$</b>           |
| Housing NZ                           |                              |                              |
| Current Portion                      | 19,600                       | 19,600                       |
| Non-Current Portion                  | 359,334                      | 378,934                      |
| <b>Closing Balance</b>               | <b>378,934</b>               | <b>398,534</b>               |

The Housing NZ Loan was advanced from Housing New Zealand for the purposes of financing the Rent Saver Programme. This loan is interest free for 10 years from August 2012 and due for repayment August 2022.

HNZ Loan is secured through a general security agreement over the assets of the Trust and QLCHT Property Portfolio Limited and a second ranking mortgage over the properties included in the Rent Saver Programme

|                                     | <b>Group<br/>2018<br/>\$</b> | <b>Group<br/>2017<br/>\$</b> |
|-------------------------------------|------------------------------|------------------------------|
| <b>SBS Term Loans</b>               |                              |                              |
| Opening Balance                     | 242,671                      | 3,002,984                    |
| Plus Drawdowns                      | -                            | 8,207,353                    |
| Less Repayments                     | (242,671)                    | (10,967,666)                 |
| <b>Total SBS Bank Loan Balances</b> | <b>-</b>                     | <b>242,671</b>               |
|                                     |                              |                              |
|                                     | <b>Group<br/>2018<br/>\$</b> | <b>Group<br/>2017<br/>\$</b> |
| <b>SBS Term Loans</b>               |                              |                              |
| Current Portion                     |                              | 8,000                        |
| Non-Current Portion                 | -                            | 234,671                      |
| <b>Closing Balance</b>              | <b>-</b>                     | <b>242,671</b>               |

The SBS loans were repaid in full during the year.

QUEENSTOWN LAKES COMMUNITY HOUSING TRUST  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Year Ended 31 March 2018

10. Borrowings (cont'd)

|                                     | Group<br>2018<br>\$ | Group<br>2017<br>\$ |
|-------------------------------------|---------------------|---------------------|
| <b>ASB Term Loans</b>               |                     |                     |
| Opening Balance                     | 3,572,704           | 1,600,000           |
| Plus Drawdowns                      | -                   | 2,000,000           |
| Less Repayments                     | (2,033,539)         | (27,296)            |
| <b>Total ASB Bank Loan Balances</b> | <b>1,539,165</b>    | <b>3,572,704</b>    |

|                        | Group<br>2018<br>\$ | Group<br>2017<br>\$ |
|------------------------|---------------------|---------------------|
| <b>ASB Term Loans</b>  |                     |                     |
| Current Portion        | 34,466              | 33,543              |
| Non-Current Portion    | 1,504,699           | 3,539,161           |
| <b>Closing Balance</b> | <b>1,539,165</b>    | <b>3,572,704</b>    |

The ASB loans 910002 and 910003 have interest charged at a rate of 4.5%p.a. and are due to be repaid on 28 February 2046 and 30 June 2023 respectively. These loans are secured over the property at 11-21 Suffolk Street, Arrowtown.

ASB loan 92003 was repaid in full during the year.

11. Central Lakes Trust

|  | Group<br>2018<br>\$ | Group<br>2017<br>\$ |
|--|---------------------|---------------------|
| Opening Balance                                | 3,976,831           | 5,492,961           |
| Plus Drawdowns                                 | -                   | 4,000,000           |
| Less Repayments                                | (71,385)            | (5,516,130)         |
| <b>Total Central Lakes Trust Loan Balances</b> | <b>3,905,446</b>    | <b>3,976,831</b>    |

|                        | Group<br>2018<br>\$ | Group<br>2017<br>\$ |
|------------------------|---------------------|---------------------|
| Current Portion        | 74,294              | 71,385              |
| Non-Current Portion    | 3,831,152           | 3,905,446           |
| <b>Closing Balance</b> | <b>3,905,446</b>    | <b>3,976,831</b>    |

The loan is due to be repaid on 21 November 2021, interest is charged at a rate of 4.00%p.a. The loan is secured over 11 properties at Shotover Country.

**QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 March 2018**

**12. Subsidiaries**

| <b>Name of Entity Subsidiary</b> | <b>Balance Date</b> | <b>Country of Incorporation</b> | <b>Ownership 2018 %</b> | <b>Interest 2017 %</b> |
|----------------------------------|---------------------|---------------------------------|-------------------------|------------------------|
| QLCHT Shotover Country Limited   | 31 March            | New Zealand                     | 100%                    | 100%                   |
| 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%                   |

**13. Reconciliation of Operating Cash Flows to Net Surplus**

|  | <b>Group 2018</b> | <b>Group 2017</b> |
|--|-------------------|-------------------|
|  | <b>\$</b>         | <b>\$</b>         |
| Net Surplus/(Deficit) for the Year                         | 2,036,016         | 5,781,642         |
| <u>Add/(Deduct):</u>                                       |                   |                   |
| Depreciation   | 410,818           | 292,907           |
| Depreciation recovered                                     | (85,569)          | (170,001)         |
| Loss/(Gain) on Disposal of Property Plant and Equipment    | (613,309)         | (907,685)         |
| Provisions made  | 5,084             | 362               |
| <u>Adjustments for Movements In:</u>                       |                   |                   |
| (Increase)/Decrease in Accounts Receivables                | 691,186           | (697,629)         |
| Increase/(Decrease) in Payables                            | 92,447            | (28,573)          |
| Increase/(Decrease) in Accruals                            | (2,971)           | (11,101)          |
| (Increase)/Decrease in Development Work in Progress        | 2,387,170         | (2,584,216)       |
| Increase/(Decrease) in Mortgages Issued                    | 477,994           | 2,819,728         |
| <b>Net Cash (outflow)/inflow from operating activities</b> | <b>5,398,866</b>  | <b>4,495,434</b>  |



**QUEENSTOWN LAKES COMMUNITY HOUSING TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended March 2018**

**14. Operating Leases**

**Operating lease as lessee**

|   | <b>Group<br/>2018</b> | <b>Group<br/>2017</b> |
|---|-----------------------|-----------------------|
|   | <b>\$</b>             | <b>\$</b>             |
| Less than one year                                    | 14,000                | 13,000                |
| Between one and five                                  | 14,000                | 26,000                |
| <b>Total non-cancellable operating lease payments</b> | <b>28,000</b>         | <b>39,000</b>         |

The Trust has entered into an operating lease for office premises. The lease was renewed on 1 April 2016 for a further 3 years. There was a rent review on 1 April 2018.

**Operating Lease as lessor**

The future non-cancellable minimum lease payments of operating leases as lessor at reporting date are \$2,420,173 (2017: \$2,325,392).