

QUEENSTOWN LAKES COMMUNITY HOUSING TRUST

Consolidated Annual Report
For the year ended 31st March 2016

QUEENSTOWN LAKES COMMUNITY HOUSING TRUST

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FOR THE YEAR ENDED 31ST MARCH 2016

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QUEENSTOWN LAKES COMMUNITY HOUSING TRUST

TRUST DIRECTORY
FOR THE YEAR ENDED 31ST MARCH 2016

<u>SETTLOR</u>	Graeme Morris Todd
<u>DATE SETTLED</u>	15 January 2007
<u>DATE OF INCORPORATION</u>	12 July 2007
<u>TRUSTEES</u>	D A Cole (retired 31 March 2016) S R Brent P B Southwick G H A Hollyer J M Conroy R J Key (appointed 1 February 2016) M Hawes (appointed 1 April 2016)
<u>ACCOUNTANTS</u>	McCulloch + Partners P O Box 64 Queenstown
<u>SOLICITORS</u>	Anderson Lloyd Lawyers Queenstown Cavell Leitch Queenstown Preston Russell Queenstown
<u>BANKERS</u>	ASB Bank, Queenstown SBS Bank, Queenstown
<u>AUDITORS</u>	Deloitte, Dunedin
<u>IRD NUMBER</u>	97-121-805

QUEENSTOWN LAKES COMMUNITY HOUSING TRUST

**STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
FOR THE YEAR ENDED 31ST MARCH 2016**

	Note	Group 2016	Group 2015 Restated *
		\$	\$
<u>REVENUE FROM EXCHANGE TRANSACTIONS</u>			
Lease Rentals		186,939	91,927
Sundry Income		13,488	16,965
Starter Loan Fees		635	1,270
Property Management Fees Received		19,539	21,080
Capital Gain on Disposal of Property Plant and Equipment		167,308	58,280
Depreciation Recovered		90,139	45,159
Stakeholder Contributions Received		1,072,609	2,000,000
TOTAL REVENUE FROM EXCHANGE TRANSACTIONS		1,550,657	2,234,681
<u>REVENUE FROM NON-EXCHANGE TRANSACTIONS</u>			
Grants Received		462,000	650,000
TOTAL REVENUE FROM NON-EXCHANGE TRANSACTIONS		462,000	650,000
<u>OTHER INCOME</u>			
Interest Received		268,746	273,818
TOTAL OTHER INCOME		268,746	273,818
TOTAL INCOME		2,281,403	3,158,499
<u>LESS EXPENSES</u>			
ADMINSTRATION EXPENSES			
		129,322	90,133
OPERATING EXPENSES			
		89,117	49,791
OTHER EXPENSES			
Audit Fees	4	8,529	9,576
Auditors - Other Remuneration	4	2,405	7,694
Depreciation	5	163,459	161,393
Interest		367,880	251,418
Loss on Sale of Property Plant and Equipment		-	123
Trustee Fees		87,175	87,175
Wages		116,694	107,665
TOTAL OTHER EXPENSES		746,142	625,044
TOTAL EXPENSES		964,581	764,968
<u>SURPLUS FOR THE YEAR AND TOTAL COMPREHENSIVE REVENUE AND EXPENSE</u>		1,316,822	2,393,531

*Certain amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made due to first time adoption of PBE Standards. Refer to note 13 for a reconciliation of the previously reported amounts to the restated amounts.

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 2016

	Group 2016 \$	Group 2015 \$
Opening Balance (restated)	12,134,939	9,741,408
<u>PLUS</u>		
Total Comprehensive Revenue and Expense	1,316,822	2,393,531
	<hr/>	<hr/>
Balance at Year End	13,451,761	12,134,939

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 2016

	Group 2016	Group 2015 Restated*
Note	\$	\$
<u>EQUITY</u>		
Trustees' Accumulated Income Account	13,451,761	12,134,939
	<u>13,451,761</u>	<u>12,134,939</u>
<u>REPRESENTED BY -</u>		
<u>NON CURRENT ASSETS</u>		
Property Plant and Equipment	5 11,295,753	10,041,876
Mortgages Issued	6 4,687,865	5,684,391
Capital Work in Progress	7 7,216,209	2,465,488
<u>TOTAL NON CURRENT ASSETS</u>	<u>23,199,827</u>	<u>18,191,755</u>
<u>CURRENT ASSETS</u>		
ASB Bank Accounts	1,686,709	1,613,191
SBS Bank Accounts	1,264,316	312,096
Tax Receivable	5,952	2,378
Accrued Interest	10,901	12,718
GST	5,156	4,073
<u>TOTAL CURRENT ASSETS</u>	<u>2,973,034</u>	<u>1,944,457</u>
<u>TOTAL ASSETS</u>	<u>26,172,860</u>	<u>20,136,211</u>

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 2016

	Note	Group 2016	Group 2015 Restated*
<u>LESS LIABILITIES</u>			
<u>NON CURRENT LIABILITIES</u>			
Term Loans	8	1,997,911	941,249
Central Lakes Trust Advance	9	4,190,519	5,492,961
Community Trust of Southland Loan	8	-	852,256
Housing Corp NZ Ltd	8	418,134	437,734
<u>TOTAL NON CURRENT LIABILITIES</u>		6,606,565	7,724,200
<u>CURRENT LIABILITIES</u>			
Current Portion of Term Loans	8	2,605,072	12,745
Current Portion of Central Lakes Trust Advance	9	1,302,442	161,020
Accounts Payable		2,173,575	66,420
Accruals		27,235	31,701
PA YE Deductions Payable		6,211	5,186
<u>TOTAL CURRENT LIABILITIES</u>		6,114,535	277,072
<u>TOTAL LIABILITIES</u>		12,721,100	8,001,271
<u>NET ASSETS AS PER TOTAL EQUITY</u>		13,451,761	\$12,134,939

*Certain amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made due to first time adoption of PBE Standards. Refer to note 13 for a reconciliation of the previously reported amounts to the restated amounts.

Signed  Trustee

Date 19/7/16

Signed  Trustee

Date 19/7/16

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
AS AT 31ST MARCH 2016

	Group 2016 \$	Group 2015 \$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
<u>CASH WAS PROVIDED FROM</u>		
Receipts from Customers	220,601	135,959
Grants Received	462,000	650,000
Interest Received	270,563	273,821
Stakeholder Contributions Received	1,072,609	2,000,000
<u>CASH WAS DISPERSED TO</u>		
Payments to Suppliers and Employees	362,267	300,710
Trustee Fees	87,175	87,175
Interest Paid	367,880	251,418
<u>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</u>	<u>1,208,451</u>	<u>2,420,477</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
<u>CASH WAS PROVIDED FROM</u>		
Sale of Property Plant and Equipment	1,665,262	1,246,755
<u>CASH WAS DISPERSED TO</u>		
Payment For Capital Work in Progress and Purchase of Property Plant and Equipment	5,460,615	3,901,265
<u>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</u>	<u>(3,795,353)</u>	<u>(2,654,510)</u>
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
<u>CASH WAS PROVIDED FROM</u>		
Proceeds from Borrowings	4,934,682	1,533,205
<u>CASH WAS DISPERSED TO</u>		
Repayment of Borrowings	1,322,042	180,620
<u>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</u>	<u>3,612,640</u>	<u>1,352,585</u>
<u>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>1,025,738</u>	<u>1,118,552</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,925,286	806,734
<u>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</u>	<u>2,951,024</u>	<u>1,925,286</u>
 <u>REPRESENTED BY:</u>		
ASB BANK ACCOUNTS	1,686,709	1,613,191
SBS BANK ACCOUNTS	1,264,315	312,095
	<u>2,951,024</u>	<u>1,925,286</u>

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 2016

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.

Revenue from exchange transactions:

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.

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.

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 2016

STATEMENT OF ACCOUNTING POLICIES
REPORTING ENTITY

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.

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.

Fixed Assets

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

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.

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

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.

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 2016

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

Other than the adoption of Public Benefit Entity accounting standards, the impact of which is explained in note 13, 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 31ST MARCH 2016

NOTES

1. Capital Commitments

As at 31 March 2016 the Group is committed to 2 property purchases under the Shared Ownership Scheme, the total of these funding commitments is \$238,150 (2015: \$Nil).

The Trust is currently building 44 houses in the Shotover Country subdivision. The total project is budgeted to cost \$20,626,038; at 31 March 2016 \$7,216,209 had been spent. The project is due for completion in November 2016.

2. Contingent Liabilities

As at 31 March 2016, the Trust has no contingent liabilities.

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 2016 the aggregate of these payments totaled \$1,130. (2015: \$20,051).

4. Fees Paid to Auditors

	Group 2016	Group 2015
	\$	\$
Audit Services	8,529	9,576
Taxation Advisory Services	2,405	7,694
Total as At 31 March	<u>10,934</u>	<u>17,270</u>

Fees paid to Deloitte were for taxation advisory services and were completely independent of the audit process.

5. Property Plant and Equipment

2016	Group Cost	Net Purchases/ (Sales or Disposals)	Depn Charg	Accumulated Depn	Net Book Value
Land	3,976,160	(362,995)	-	-	3,613,165
Buildings	6,624,737	1,690,192	163,339	632,702	7,682,227
Plant and Equipment	699	-	120	338	361
Total as At 31 March 2016	<u>10,601,596</u>	<u>1,327,197</u>	<u>163,459</u>	<u>633,040</u>	<u>11,295,753</u>
2015	Group Cost	Net Purchases/ (Sales or Disposals)	Depn Charg	Accumulated Depn	Net Book Value
Land	4,284,846	(308,685)	-	-	3,976,160
Buildings	5,945,857	678,882	161,233	559,505	6,065,234
Plant and Equipment	1,324	(124)	160	719	481
Total as At 31 March 2015	<u>10,232,027</u>	<u>370,073</u>	<u>161,393</u>	<u>560,224</u>	<u>10,041,876</u>



QUEENSTOWN LAKES COMMUNITY HOUSING TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2016

6. Mortgages Issued

		Group 2016 \$	Group 2015 \$
Mortgage #4	6 November 2020	316,683	-
Mortgage #5	13 April 2017	192,803	200,280
Mortgage #6	18 October 2017	281,910	289,074
Mortgage #7	Repaid in full	-	323,592
Mortgage #8	26 October 2017	258,803	265,379
Mortgage #9	Repaid in full	-	300,031
Mortgage #10	29 November 2017	175,997	180,441
Mortgage #11	19 April 2018	255,410	262,390
Mortgage #12	Repaid in full	-	299,372
Mortgage #13	24 May 2018	261,835	272,150
Mortgage #14	8 May 2018	343,095	356,610
Mortgage #15	5 June 2018	271,770	282,404
Mortgage #16	4 June 2018	271,770	282,404
Mortgage #18	7 June 2018	339,789	351,169
Mortgage #19	21 June 2018	303,055	313,205
Mortgage #20	20 June 2018	273,732	283,627
Mortgage #21	8 October 2018	302,720	310,134
Mortgage #22	Repaid in full	-	251,259
Mortgage #23	14 February 2019	263,193	269,020
Mortgage #24	20 June 2019	313,205	322,949
Mortgage #25	23 January 2020	262,095	268,900
Total as At 31 March		<u>4,687,865</u>	<u>5,684,392</u>

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. Capital Work in Progress

	Group 2016 \$	Group 2015 \$
Opening Balance	2,465,488	105,362
Plus Additions	7,527,580	3,344,299
Less Transferred to PP&E	(2,776,859)	(984,173)
Total as At 31 March	<u>7,216,209</u>	<u>2,465,488</u>



QUEENSTOWN LAKES COMMUNITY HOUSING TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2016

8. Borrowings

	Group 2016	Group 2015
	\$	\$
Housing NZ		
Opening Balance	437,734	457,334
Less Repayments	(19,600)	(19,600)
Closing Balance	<u>418,134</u>	<u>437,734</u>
Total Housing NZ Loan Balance	<u><u>418,134</u></u>	<u><u>437,734</u></u>

The Housing NZ Loan was advanced from Housing New Zealand for the purposes of financing the Rentsaver Scheme. This loan is interest free for 10 years from 15 November 2011 and due for repayment 15 November 2036.

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 Rentsaver scheme.

	Group 2016	Group 2015
	\$	\$
SBS Term Loans		
Opening Balance	553,994	566,058
Plus Drawdowns	2,595,180	-
Less Repayments	(146,190)	(12,064)
Closing Balance	<u><u>3,002,984</u></u>	<u><u>553,994</u></u>

	Group 2016	Group 2015
	\$	\$
SBS Term Loans		
Current Portion	2,605,072	12,745
Non-Current Portion	397,911	541,249
Closing Balance	<u><u>3,002,984</u></u>	<u><u>553,994</u></u>

The SBS loan balance consists of \$141,805 that is due for repayment on 12 March 2037 and has interest charged at a rate of 5.99% p.a., \$108,476 due for repayment on 15 November 2036 and has interest charged at a rate of 5.99% p.a. and \$157,523 due for repayment on 16 May 2038 and has interest charged at a rate of 5.64% p.a.. Each of these Loans with SBS are secured over the certificate of title of the properties included within the Rentsaver Scheme.

A further Loan of \$2,595,180 was drawn down during the year, interest is charged at a rate of 5.84% p.a. and it is due for repayment on 31 December 2016. The loan is secured over land at Shotover Country.



QUEENSTOWN LAKES COMMUNITY HOUSING TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2016

8. Borrowings (cont'd)

	Group 2016	Group 2015
ASB Term Loans	\$	\$
Opening Balance	400,000	-
Plus Drawdowns	1,200,000	400,000
Less Repayments	-	-
Closing Balance	1,600,000	400,000

	Group 2016	Group 2015
ASB Term Loans	\$	\$
Current Portion	-	-
Non-Current Portion	1,600,000	400,000
Closing Balance	1,600,000	400,000

The ASB loan facility is for a total \$1,600,000 and the balance at 31 March 2016 was \$1,600,000. Interest is charged at a rate of 5.05% p.a. The loan is due to be repaid on 28 February 2046.

The loan with ASB is secured over the property at 11-21 Suffolk Street, Arrowtown.

	Group 2016	Group 2015
Community Trust of Southland Term Loans	\$	\$
Opening Balance	852,256	-
Plus Drawdowns	650,000	850,000
Plus interest capitalised	78,705	2,256
Less Repayments	(1,580,961)	-
Closing Balance	-	852,256

	Group 2016	Group 2015
Community Trust of Southland Term Loans	\$	\$
Current Portion	-	-
Non-Current Portion	-	852,256
Closing Balance	-	852,256

The Community Trust of Southland loan was repaid in full during the year.



QUEENSTOWN LAKES COMMUNITY HOUSING TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2016

9. Central Lakes Trust

	Group 2016	Group 2015
	\$	\$
Current Portion	1,302,442	161,020
Non Current Portion	4,190,519	5,492,961
Total	<u>5,492,961</u>	<u>5,653,981</u>

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 \$1,170,168 has interest charged on it of 4.45% p.a. and is due to be repaid on 27 January 2017. Second of \$1,280,086 has interest charged on it of 4.17% p.a. and is due to be repaid on 21 September 2017. The third of \$1,194,935 has interest charged on it of 3.34% p.a. and is due to be repaid on 25 April 2018. The fourth of \$1,847,772 has interest charged on it of 3.34% p.a. and is due to be repaid on 25 June 2018.

10. Subsidiaries

Name of entity Subsidiary	Balance Date	Country of Incorporation	Ownership interest	
			2016	2015
			%	%
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%

11. Reconciliation of Operating Cash Flows to Net Surplus

	Group 2016	Group 2015
	\$	\$
Net Surplus/(Deficit)	1,316,822	2,393,581
Adjustments for Non-Cash Items		
Depreciation	163,459	161,393
Loss/(Gain) on Disposal of Property Plant and Equipment	(257,447)	(103,315)
Provisions made	172	3,674
Adjustments for Movements in		
Increase/(Decrease) in Receivables	1,817	(46)
Increase/(Decrease) in Payables	(12,931)	(46,543)
Increase/(Decrease) in Provisions	(3,441)	11,733
Net Operating Cash Inflow/(Outflow)	<u>1,208,451</u>	<u>2,420,477</u>



QUEENSTOWN LAKES COMMUNITY HOUSING TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2016

12. Operating Leases

Operating lease as lessee

	Group 2016	Group 2015
	\$	\$
Less than one year	11,362	-
Between one and five	39,000	-
Total non-cancellable operating lease payments	<u><u>50,362</u></u>	<u><u>-</u></u>

The Trust has entered into an operating lease for office premises. The initial term was for 1 year the lease was renewed on 1 April 2016 for a further 3 years. The next rent review date is 1 April 2018.

Operating lease as lessor

The future non-cancellable minimum lease payments of operating leases as lessor at reporting date are \$761,614 (2015: \$420,668).

13. Effect of First Time Adoption of PBE Standards on Accounting Policies and Disclosures

This is the first set of financial statements of the Group that is presented in accordance with PBE Standards. The Group has previously reported in accordance with Old New Zealand GAAP.

The impacts of adopting PBE Standards on the total net assets/equity are illustrated below:

Reconciliation of net assets/equity under Old NZ GAAP to that under PBE Standards:

	Group 1 April 2014
	\$
Net assets/equity under Old NZ GAAP	8,748,374
<i>Adjustments to accumulated comprehensive revenue and expense</i>	
Recognition of non-exchange revenue from grants received (i)	993,034
Net assets/equity under PBE Standards	<u><u>9,741,408</u></u>

(i) Under old NZ GAAP certain grants were recognised on the Balance Sheet and amortised to surplus or deficit over the period of the grant. In the absence of conditions being attached to the grant the treatment under PBE Standards is to recognise the amount in surplus or deficit. The adjustment noted was to record the unamortised balance as at 1 April 2014 as an adjustment to opening retained earnings.



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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Queenstown Lakes Community Housing Trust and its subsidiaries ('the Group') on pages 2 to 15, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of comprehensive revenue and expense, statement of movements in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Trustees, as a body. Our audit has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Board of Trustees' Responsibility for the Consolidated Financial Statements

The Board of Trustees is responsible on behalf of the entity for the preparation and fair presentation of these consolidated financial statements, in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the Board of Trustees determine is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

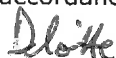
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 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 consolidated 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. These services have not impaired our independence as auditor of the Entity and Group.

Opinion

In our opinion, the consolidated financial statements on pages 2 to 15 present fairly, in all material respects, the financial position of Queenstown Lakes Community Housing Trust and its subsidiaries as at 31 March 2016, and their financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.



Chartered Accountants

19 July 2016

Dunedin, New Zealand