



MELBOURNE

Aimee Tarrant enjoying the experience at Riding for the Disabled in Pukete, Hamilton

2011

ANNUAL REPORT



Gracelands
Group of Services

FINANCIAL REPORT

Following on from the big changes last year, 2011 has also seen some significant changes in the way that Gracelands Group of Services operates and in its relationship with the Te Awamutu Gracelands Property Trust (TAGLPT). TAGLPT is now fully operational and has added a third building to its portfolio. From October 2010 TAGLPT became our landlord - Gracelands no longer owns any land & buildings in its own right.

In the year to 30 June 2011 Gracelands Group of Services returned to "the black" with an operating surplus of \$124.7k. Last year's result was a deficit of \$274.6k.

Total Income of \$6,570k is 2.1% less (\$143k) than in the previous year - a small increase in Funding is outweighed by a decrease in Sales income.

There was also a decrease of 7.8% in Total Operating Expenses (this year \$6,446k and last year \$6,988k); this decrease being greater than that in income is the reason that the operating result has so markedly improved. Major reductions were achieved in Publicity & Advertising, Cost of Sales, Wages & Salaries and in Trustee Expenses.

This year's operating surplus represents a return on income of 1.9% and a return on average equity of 7.0%. This compares with negative returns last year of 4.1% and 10.3% respectively.

There were one-off costs of \$1,629k relating to the property sales and the consequent forgiveness of debt to TAGLPT. The result is that we have a bottom-line deficit for the year of \$1,504k and total equity has reduced by this amount.

Despite this, Gracelands Group of Services remains in a good financial position with a current ratio of 1.3:1 and an equity percentage of 47.7%. What this means is that in the medium term we have \$1.30 available to meet each dollar owed.

Work continues on improving our operational effectiveness and efficiency and this bodes well for the future.



Mairi Davis
BMS, CA
Financial Controller
TE AWAMUTU GRACELANDS TRUST AND SUBSIDIARY

Te Awamutu Gracelands Trust and Subsidiary Statement of Financial Position As at 30 June 2011	2011		2010	
	Group	Trust	Group	Trust
	\$\$	\$\$	\$\$	\$\$
Equity	1,031,632	1,015,438	2,535,884	2,521,090
<i>This is represented by:</i>				
Current Assets				
<u>Westpac Bank Accounts</u>				
Main Bank Account	7,381	7,381	25,913	25,913
Prime Call Account	435,730	435,730	432,544	432,544
Cash Floats	1,150	1,150	1,150	1,150
Te Awamutu Gracelands Property Trust	77,000	77,000	1,013	1,013
Non-Current Assets Held for Sale	-	-	2,115,001	2,115,001
Accounts Receivable	679,230	679,230	492,259	492,259
TOTAL CURRENT ASSETS	1,200,491	1,200,491	3,067,880	3,067,880
Property, Plant and Equipment				
Leasehold Improvements	18,254	18,254	42,019	42,019
Plant & Equipment	114,813	114,813	103,571	103,571
Furniture & Fittings	128,861	128,861	149,954	149,954
Motor Vehicles	252,013	252,013	6,648	6,648
TOTAL PROPERTY, PLANT & EQUIPMENT	513,941	513,941	302,192	302,192
Investments				
Insight Limited - 100%	-	244,189	-	244,189
Deed of Debt- Te Awamutu Gracelands Property Trust	300,000	300,000	-	-
TOTAL INVESTMENTS	300,000	544,189	-	244,189
Intangibles				
Goodwill	147,266	145,866	166,687	166,687
TOTAL ASSETS	2,161,698	2,404,487	3,536,759	3,780,948
Current Liabilities				
Accounts Payable	118,405	118,405	249,365	249,365
Goods & Services Tax	171,726	171,726	115,846	115,846
Annual leave Liability	244,308	244,308	221,379	221,379
Wages & PAYE	176,633	176,633	171,501	171,501
Accruals	126,017	126,018	32,939	32,939
Advance - Insight Limited	-	258,982	-	258,983
Interest-Only Loan	38,952	38,952	-	-
Current Portion Term Liabilities	48,535	48,535	209,845	209,845
TOTAL CURRENT LIABILITIES	924,576	1,183,559	1,000,875	1,259,858
Term Liabilities				
FlexiQuip Equipment Finance Facility	205,490	205,490	-	-
TOTAL LIABILITIES	1,130,066	1,389,049	1,000,875	1,259,858
EXCESS ASSETS OVER LIABILITIES	1,031,632	1,015,438	2,535,884	2,521,090

Te Awamutu Gracelands Trust and Subsidiary Statement of Financial Performance For the year ended 30 June 2011	2011		2010	
	Group	Trust	Group	Trust
	\$\$	\$\$	\$\$	\$\$
Income				
Sales	1,245,525	1,245,525	1,584,143	1,584,143
Donations and Grants	34,554	34,554	33,689	33,689
Interest Received	19,624	19,624	20,289	20,289
Funding	5,270,686	5,270,686	5,075,359	5,075,359
TOTAL INCOME	6,570,389	6,570,389	6,713,480	6,713,480
Expenses				
ACC Levies	56,705	56,705	46,199	46,199
Accountancy and Legal Fees	31,285	31,285	4,135	4,135
Association Expenses	15,146	15,146	15,245	15,245
Audit Fees	9,000	9,000	9,805	9,805
Bank Charges	1,140	1,140	472	472
Board of Trustees	32,340	32,340	62,368	62,368
Business Excellence	2,063	2,063	805	805
Client Programmes	230,253	230,253	205,750	205,750
Computer Technology	20,165	20,165	20,890	20,890
Consultancy	5,566	5,566	4,845	4,845
Cost of Sales	301,279	301,279	483,022	483,022
Depreciation	105,390	105,390	122,398	122,398
Loss on Disposal of Assets	10,402	10,402	34,612	34,612
GRS and Other Agency Staff	145,579	145,579	163,564	163,564
Insurance	23,312	23,312	22,318	22,318
Impairment of Goodwill	19,421	20,821	19,421	20,821
Laundry	9,702	9,702	21,432	21,432
Interest Paid	8,680	8,680	19,288	19,288
Other Expenses	3,394	3,394	5,482	5,482
Phone and Fax	58,100	58,100	63,709	63,709
Photocopying	28,793	28,793	24,387	24,387
Postage	7,301	7,301	5,622	5,622
Power and Gas	50,922	50,922	49,714	49,714
Professional Fees and Levies	2,108	2,108	2,733	2,733
Provisions and Cleaning	47,200	47,200	56,224	56,224
Publicity and Advertising	31,016	31,016	236,252	236,252
Rents and Rates	439,605	439,605	355,979	355,979
Repairs and Maintenance	54,158	54,158	47,626	47,626
Research and Development	6,034	6,034	37,577	37,577
Risk Management	34,005	34,005	32,896	32,896
Staff Support and Development	120,339	120,339	202,355	202,355
Stationery	20,618	20,618	16,769	16,769
Vehicle Expenses	123,626	123,626	105,127	105,127
Vehicle Leases	136,389	136,389	149,747	149,747
Wages and Salaries	4,254,677	4,254,677	4,339,338	4,339,338
TOTAL EXPENSES	6,445,713	6,447,113	6,988,106	6,989,506
Operating Surplus (Deficit)	124,676	123,276	(274,626)	(276,026)
Non-Operating Items				
Loss on Disposal of Assets	13,927	13,927	-	-
Gain on Disposal of Assets	(339,999)	(339,999)	-	-
Loan Forgiven	1,955,000	1,955,000	-	-
TOTAL NON-OPERATING ITEMS	1,628,928	1,628,928	-	-
NET SURPLUS (DEFICIT) FOR THE YEAR	(1,504,252)	(1,505,652)	(274,626)	(276,026)

Te Awamutu Gracelands Trust and Subsidiary	2011		2010	
	Group	Trust	Group	Trust
	\$\$	\$\$	\$\$	\$\$
Statement of Movements in Equity				
As at 30 June 2011				
Opening Equity	2,535,884	2,521,090	2,810,510	2,797,116
add Surplus (Deficit) for the year	(1,504,252)	(1,505,652)	(274,626)	(276,026)
CLOSING EQUITY	<u>1,031,632</u>	<u>1,015,438</u>	<u>2,535,884</u>	<u>2,521,090</u>

Notes to the Financial Statements

For the year ended 30 June 2011

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

These financial statements are for the reporting entity Te Awamutu Gracelands Trust and its subsidiary Insight Limited. The Trust is incorporated under the Charitable Trusts Act 1957 and is registered as a charitable entity under the Charities Act 2005. The financial statements have been prepared in accordance with generally accepted accounting practice, as defined by the standards of the Institute of Chartered Accountants of New Zealand.

The financial statements were authorised for issue by the trustees on 31 August 2011.

Basis for Preparation

The general policy adopted in the preparation of these financial statements is the historical cost basis. These financial statements are presented in New Zealand dollars (\$), which is the Trust's functional currency.

Differential Reporting

The Trust qualifies for differential reporting because it is not publicly accountable, and because it has less than \$20 million in total revenue and less than \$10 million in total assets. The Trust has taken advantage of all differential reporting exemptions, except that GST exclusive accounting has been adopted.

Principal Activity

The Trust is a not-for-profit charitable trust which works alongside individuals to develop their skills and abilities and enhance inclusion in the communities of their choice.

SPECIFIC ACCOUNTING POLICIES

The specific accounting policies used in the preparation of the financial statements are as follows:

Consolidated Financial Statements

The 2011 consolidated financial statements comprise the Te Awamutu Gracelands Trust (the "Trust") and its subsidiary (the "Group"). A Subsidiary is an entity controlled by the Trust. The Group financial statements incorporate the financial statements of the Trust and its subsidiary. All inter entity transactions and balances are eliminated on consolidation.

Revenue Recognition

Contractual Services

Contractual services revenue is recognised for services performed as set out by the terms and conditions in the contracts entered into with the Trust's providers.

Other Revenue

Other revenue is recognised by the Trust upon completion of the services being provided to the client.

Goodwill

Goodwill arising on the purchase of the business operated by Insight Limited has been recognised as an asset and separately disclosed. Goodwill is written off over a ten year period.

Property Plant and Equipment

Property Plant and Equipment are initially recorded at cost, and are depreciated on a systematic basis.

Depreciation

Depreciation on assets is calculated to write the assets off over their expected useful lives.

Leasehold Improvements	2.0% - 24.0%
Plant and Equipment	10.0% - 80.4%
Furniture and Fittings	9.5% - 48.0%
Motor Vehicles	11.4% -20.0%

Investments

Investments are valued at the lower of cost or market value.

Receivables

Receivables are stated at estimated realisable value.

Taxation

The Inland Revenue Department has granted an exemption for the Trust and its subsidiary from the paying of Income Tax and the financial accounts have been prepared accordingly.

Leases

Operating Leases are recognised evenly over the expected period of benefit to the Group.

Goods and Services Tax

All items in the statement of financial position are stated exclusive of GST, with the exception of receivables and payables, which include GST. All items in the statement of financial performance are stated exclusive of GST.

Employment Benefits

Provision has been made in respect of the Group's liability for annual leave at balance date.

CHANGES IN ACCOUNTING POLICIES

Accounting policies have been applied on a consistent basis with those of the previous year.

2. STATEMENT OF COMMITMENTS

As at balance date the Trust and its subsidiary were committed to the following leases:

	2011		2010	
	Group	Trust	Group	Trust
	\$	\$	\$	\$
Not later than 1 year (within one year)	540,647	540,647	370,483	370,483
Later than 1 year and not later than 5 years	1,637,854	1,637,854	472,783	472,783
Later than 5 years	1,307,133	1,307,133	72,267	72,267

3. INVESTMENT IN SUBSIDIARIES

On 1 January 2006 the Trust purchased all (100%) of the shares in Insight Limited, a Private Training Establishment (PTE) funded by the Tertiary Education Commission (TEC). The results of its operations have been included in previous financial reports.

From 1 January 2009 the Trust resolved that Insight Limited would cease trading in its own right and accordingly purchased the net assets of its subsidiary. Insight Limited has not traded during the past two financial years. Application was made to the Registrar of Companies for the final winding-up of the company which was completed on 15 July 2011.

4. TERM LIABILITIES

Description	Term Liability \$	Current Portion \$	Interest Rate & Details	Term Loan Maturity
Equipment Finance Loan	204,603	48,535	8.0% floating	6 April 2016

The loan is secured by way of security over the vehicles purchased with the loan proceeds.

5. MAJOR SOURCES OF INCOME

	2011		2010	
	Group	Trust	Group	Trust
Ministry of Health	3,139,963	3,139,963	3,221,908	3,221,908
Ministry of Social Development	1,080,517	1,080,517	929,493	929,493
Work Outcomes	351,110	351,110	478,453	478,453
Tertiary Education Commission	851,396	851,396	923,958	923,958
Accident Compensation Corporation	196,609	196,609	197,010	197,010

6. PROPERTY, PLANT AND EQUIPMENT

	2011		2010	
	Group	Trust	Group	Trust
	\$	\$	\$	\$
Leasehold Improvements				
At Cost	69,847	69,847	95,445	95,445
Accumulated depreciation	(51,593)	(51,593)	(53,426)	(53,426)
Book value	18,254	18,254	42,019	42,019
Plant and Equipment				
At Cost	416,109	416,109	353,707	353,707
Accumulated depreciation	(301,296)	(301,296)	(250,136)	(250,136)
Book value	114,813	114,813	103,571	103,571
Furniture and Fittings				
At Cost	376,334	376,334	392,133	392,133
Accumulated depreciation	(247,473)	(247,473)	(242,179)	(242,179)
Book value	128,861	128,861	149,954	149,954
Motor Vehicles				
At Cost	314,173	314,173	53,964	53,964
Accumulated depreciation	(61,160)	(61,160)	(47,316)	(47,316)
Book value	252,013	252,013	6,648	6,648
TOTAL				
At Cost	1,176,463	1,176,463	895,249	895,249
Accumulated depreciation	(662,522)	(662,522)	(593,057)	(593,057)
Book value	513,941	513,941	302,192	302,192

7. RELATED PARTY TRANSACTIONS

The Trust's joint venture agreement with Robyn Lindstrom (Te Kuiti Physio Plus) as part of the Rehabilitation Service programme continued during the year. At balance date there was a debtor for Work Outcomes of \$45,892 and total revenue received for the year ended 30 June 2011 was \$351,110.

The Te Awamutu Gracelands Property Trust was established in the 2010 year. The main object of that trust is to provide "... a fund or assets that shall be available for the care and general betterment of disabled and/or disadvantaged residents ... in Te Awamutu but with predominant consideration to the needs and requirements of Te Awamutu Gracelands Trust.". During the current year, the two properties owned by the Trust were transferred to the ownership of the Te Awamutu Gracelands Property Trust. Subsequently the two Trusts entered into lease agreements for the two properties. Also during the 2011 year, the Te Awamutu Gracelands Property Trust purchased a third building (5 Princes Street Hamilton) which is also the subject of a lease agreement with the Trust.

At balance date the following balances existed between the parties: Deed of acknowledgement of debt (\$300,000) and an advance of \$77,000 (being interest-free loans to the Te Awamutu Gracelands Property Trust).

Total rent paid to the Te Awamutu Gracelands Property Trust for the year ended 30 June 2011 was \$130,515 and the Trust received \$6,526 in management fees.

8. CAPITAL COMMITMENTS

The Trust has no capital commitments at 30 June 2011.

9. SIGNIFICANT EVENTS AFTER BALANCE DATE

There have been no significant events affecting the financial position of the Trust since 30 June 2011 and the date of completion of these financial statements.

10. CONTINGENT LIABILITIES

At 30 June 2011 the contingent liability for untaken sick leave entitlements was:

2011		2010	
Group	Trust	Group	Trust
\$	\$	\$	\$
89,913	89,913	86,559	86,559



INDEPENDENT AUDITOR'S REPORT

To the readers of Te Awamutu Gracelands Trust and group.

Report on the Financial Statements

We have audited the financial statements of Te Awamutu Gracelands Trust and group attached, which comprise the statement of financial position as at 30 June 2011, and the statement of financial performance and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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Trustees' Responsibility for the Financial Statements

The trustees are responsible for the preparation of the 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 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 Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of 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 accounting policies used and the reasonableness of accounting estimates, as well as evaluation the presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, Te Awamutu Gracelands Trust.

Opinion

In our opinion the financial statements attached:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of Te Awamutu Gracelands Trust and group as at 30 June 2011, and its financial performance for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993 we report that:

- We have obtained all the information and explanations we have required.
- In our opinion proper accounting records have been kept by Te Awamutu Gracelands Trust and group as far as appears from our examination of those records.

25 October 2011

Gyde Wansbone Chartered Accountants Ltd
Te Awamutu