

Avonside House Trust



Annual Report

2012/2013

"Towards Fullness of Life"

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Avonside House Trust Incorporated

Trust Directory
As at 31 January 2013

Established:	9 November 1995
Company number:	696583
Nature of Trust:	Provision of accommodation and training to individuals requiring mild to moderate assistance.
Location of Trust:	20 Lychgate Close Avonside Christchurch and 2 Te Orewai Place Avonside Christchurch
Bankers:	Westpac Eastgate Branch Cnr Linwood Ave & Cranley St Christchurch
Solicitors:	Papprills 395 Brougham St PO Box 376 Christchurch
Auditors:	PricewaterhouseCoopers PO Box 13244 Christchurch
Accountants:	PricewaterhouseCoopers PO Box 13244 Christchurch
Trustees:	Graham Martin (Chairman) Ray Berry (Treasurer) Robin Mellish Katrina Merrett John Thompson Barry Dent Heather Robinson
Secretary:	Anthony Waters



Graham Martin

41 years as a parent with a son with mild intellectual disability and Autism Spectrum Disorder.

21 years own commercial business.

CEO, Horticulture Canterbury Ltd.

Chairman of various committees in both the commercial and volunteer sectors.

Chairman, Autlink Foundation.

Chairman's Report 2013

Welcome to the 18th Annual General Meeting of Avonside House Trust

As I present my 15th Report I have mixed feelings about this last year. Whilst many good things happened there were also a number of disappointments. Whilst it was a busy year a lot was left unfinished.

We had sadness around the loss of a much loved resident, but we also had some memorable occasions to celebrate. A big thank you goes to the staff in the way they dealt with some trying and challenging times.

Our annual accounts report a loss of \$24,308. Our income is up slightly but our overall expenditure is also up. The staff are working very hard to address this, by being prudent with expenses and actively seeking new residents to fill the vacant beds, however this is governed by Government policy and compatability with our existing residents.

Unfinished business items which give us some real concerns around the Lychgate Close site

- Lease at Lychgate Close land.

Our lease has expired for the Block on which the House and Units stand. Over the last 20 years we have been paying \$1 per year rental. Church Property Trustees now want to charge us market rental. Following discussions earlier in the year with EQC, CERA and our local MP we are still awaiting engineers reports on the status of the land, given that all the land around us is red zoned. We will await the outcome of their valuation report before we take any action.

- Insurances

We have in place insurance cover for contents and our buildings but to date no Insurance Company is prepared to provide disaster cover for the Lychgate site stating that it is too great a risk. We are continuing to pursue this with our Insurance Consultant.

- House and Units

We are still waiting to hear whether the House and Units will be repaired or replaced, but again this is dependent upon engineer's reports. You can be assured that the buildings are safe to occupy. We do want to know what is going to happen so we can put plans in place to enable us to move forward. Other work around the site is on hold. CERA are at present going to replace the fencing between us and the flats at 184 Stanmore Road as these will be demolished shortly.

- Strategic and Business Plans

Both plans were reviewed in April. Copies are on our website.

We are still working towards providing a portable office for the Manager. We have been granted funding and planning permission for this but it requires a building consent approval before we can proceed. The present office space at Te Orewai is too small and was not supposed to accommodate the Manager, Assistant Manager - Residential and staff when they have files to write up.

My three year term on the Trust Board is up. I am prepared to offer myself again if required as I would like to see the completion of the outstanding business items.

I thank you all for giving your time to Avonside House and hope we achieve the desired results for 2013-14 year.

Graham Martin
Board Chairman

18th July 2013

Manager's Report 2013

Welcome everybody.

Given that a good six months have passed since the end of our financial year (as per last year), my report will cover the period August 2012 to current.

Human Resources & Residential

Staff

Again this year the staffing numbers have altered. We now have 22 employees working either full time or part time, opposed to last year when there were 21 employees. Since the previous report three employees have resigned and three new employees have been recruited. It is pleasing to report that approximately half of the team have been employed by Avonside House for at least seven years, and at least six employees for more than 10 years.

In addition to the changes of the number of employees, there has been a change of position within the team. This employee commenced as part time Finance Officer in March 2013 in addition to a part time role as Residential Co-ordinator. Congratulations to you and may you enjoy the diversity of your roles.

Annual Staff Performance Appraisals have been successfully completed in April and May 2013.

Internal and external staff training is ongoing throughout the year. In addition to compulsory training provided, all staff are encouraged to obtain the National Certificate in Health, Disability and Aged Support. It is pleasing to report that three employees have obtained their National Certificates, and two others have commenced studies. Well done to our graduates.

In March 2013 (13th – 15th and 25th – 28th) a Ministry of Health Developmental Evaluation by SAMS (Standards and Monitoring Services) of all homes/units at the Lychgate Close and Te Orewai Place site occurred. This was very successful. No corrective actions were required, and only several recommendations made. Thank you to residents and their families, resident's day placements/employers, staff, and the Board for your support.

Residents

Unfortunately in November 2012 a much loved resident passed away, but fortunately left us with some good memories, contacts and lots of aroha. In honour of this resident (who would have celebrated his 50th birthday in May this year), and another resident and Board member who also passed away, a Remembering Absent Friends Service was held on the 21st May 2013. Thank you to all who supported our residents

with this service and a special thank you to our Community Liaison Chaplain and Te Whare Roimata.

Avonside House provides permanent homes for 24 men with mild to moderate needs and currently provides respite for four gentlemen.

In my previous report, I addressed property improvements for both sites e.g. converting three existing garages into a purpose built communal kitchen, dining room, and a new Manager's office for the Te Orewai Place site, and an architecturally designed portable office for the Lychgate Close site. We had envisaged that these developments would be implemented by the end of 2012. Obviously due to the unfinished business items regarding Lychgate Close as addressed by the Board Chairman, most of these improvements are not a priority at this stage.

An annual holiday to the North Island occurred in September 2012 which included visits to the providers in Te Awamutu and Tokoroa who accommodated / supported our evacuated residents during the period of 26th February 2011 – 13th June 2011. The residents were welcomed and overall it was a very moving experience. At present the next resident's annual holiday is being finalised.

Once again it has been another year of challenges for residents and staff alike, however there have also been many happy and memorable moments and events. Although it's important to acknowledge the challenges, it's essential to embrace the good and look at what we can take from each occurrence in a positive way.

I would like to take this opportunity to thank each and every one of you for your support of Avonside House.

Karin Hofmans
Manager

Finance Report 2013

Every year is a challenge. It's just how we measure it – small, simple, great or over the top. Financially we measure it in \$ (dollar sign) or in value. For the last 2 years since 2011, we are operating on a deficit. Deficit in business is a big word, a red word and flashes a negative sign. But, let us dissect our deficit or loss as presented on the table:

	2011	2012	2013
Income Received	1.624	1.178	1.113
Expenses Incurred	1.029	1.457	1.138
Surplus (Deficit)	.625	(.279)	(.025)

You will notice that in 2013 we have a decrease in income of \$65,000 and a corresponding decrease in expenses of \$318,000. Now we can look at our deficit positively. With this figure, we can say that we are operating normally minus the extra ordinary expenses and losses we incurred due to earthquake. Since we are a non-profit organization, we are not really after a profit but on how we spend the funding we received from our funders. Do we spend them towards the fulfilment of our mission? Do we spend them to give quality service to our clients?

To give us a more positive outlook of our financial statement – let us look at our Cash in Bank through the years:

2011	2012	2013
\$125,206	\$175,914	\$209,868

That is a positive sign!

We may choose to look at the good or bad side of any situation, but as optimistic as I am, let me lead you to a more positive view of Avonside House Trust:

- We have carried ourselves through the rubbles and challenges of 2011 earthquake.
- We are on the last stretch of our insurance claim efforts.
- The Ministry of Health has given us time to report back on the Earthquake Recovery Fund advanced to us to cover extra ordinary cost after the earthquake, until after we have claimed from our insurer.
- Management is focused on filling permanent and respite care vacancies to maximize funding. But keeping in mind the compatibility necessary for the existing residents.
- An assurance that management and staff are doing all efforts to operate within our funds, not beyond and within the contract agreement we are funded for.
- Although more works are expected at Lychgate Close site, the place remains to be a happy home for our Residents.
- Last but not the least, we have hardworking, intelligent and supportive Board of Trustees steering the sail for Avonside House Trust.

As our organisation logo depicts – four hands reaching to each other, let us all join hands to face the challenges ahead, no matter how big or small they may be.

Myrna Quilatan
Finance Officer

Avonside House Trust Incorporated

Financial Statements

For the year ended 31 January 2013

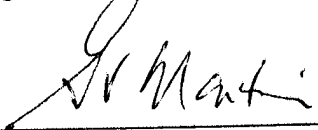
Avonside House Trust Incorporated

Trustees Report

For the year ended 31 January 2013

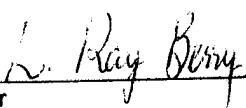
The Trustees have pleasure in presenting the financial statements of Avonside House Trust Incorporated for the year ended 31 January 2013.

The Trustees of Avonside House Trust Incorporated authorised these financial statements presented on pages 5 to 12 for issue on the date set out below.



Chairperson

29/6/13
Date



Treasurer

29th June 2013
Date



Independent Auditors' Report to the Trustees of Avonside House Trust

Report on the Financial Statements

We have audited the financial statements of Avonside House Trust on page 5 to 12, which comprise the statement of financial position as at 31 January 2013, and the statement of financial performance, and statement of movement in general funds for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

Trustees' Responsibility for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal controls as the Trustees determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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) and International Standards on Auditing. These standards require that we comply with relevant 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 auditors' 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 auditors consider the internal controls relevant to the entity's preparation of financial statements that present fairly 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 evaluating 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.

We have no relationship with or interests in the entity other than in our capacities as auditors and providers of other accounting services. These services have not impaired our independence as auditors of the Avonside House Trust.



Independent Auditors' Report
Avonside House Trust

Opinion

In our opinion, the financial statements on pages 5 to 12 present fairly, in all material respects, the financial position of the Avonside House Trust as at 31 January 2013, and its financial performance for the year ended on that date in accordance with generally accepted accounting practice in New Zealand.

Restriction of Distribution or Use

This report is made solely to the Trust's Trustees, as a body. Our audit work has been undertaken so that we might state to the Trust's Trustees those matters which we are required to state to them in an auditors' 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 Trust and the Trustees, as a body, for our audit work, for this report or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'R. Smith', written over the printed name 'R. Smith'.

Chartered Accountants
29 June 2013

Christchurch

Avonside House Trust Incorporated

Statement of Financial Performance For the year ended 31 January 2013

	Note	2013	2012
		\$	\$
Income			
Ministry of Health Income		868,208	885,606
WINZ Receipts		204,156	152,844
Fundraising - General		87	-
Donations		-	3,200
Rent - Residential		-	3,345
Mainland Foundation Grant		-	2,046
Community Trust Grant		8,486	44,694
The Lion Foundation Grant		-	2,566
Ministry of Health Respite Income		6,054	3,638
Private Respite		-	1,338
Board Payments		18,057	4,933
Mental Health Programme		1,600	-
		<u>1,106,648</u>	<u>1,104,210</u>
Cost of sales			
Communications		10,802	10,768
Electricity & Gas		19,549	17,566
Food		93,132	69,241
Household Renewables		9,081	10,542
Residents' Allowance		3,097	9,027
Recreational Programmes		1,850	535
		<u>137,511</u>	<u>117,678</u>
Cost of sales		<u>969,137</u>	<u>986,532</u>
Gross surplus			
Income			
Insurance claims		3,404	345
Wages subsidy		-	69,800
		<u>3,405</u>	<u>70,145</u>
Total income		<u>972,541</u>	<u>1,056,677</u>
Expenses			
Operating			
Advertising, PR & Recruitment		1,709	4,332
Plant hire		-	1,377
Repairs & Maintenance		14,534	20,799
Vehicle		8,032	4,916
Wages		704,050	630,685
Waste disposal		2,250	3,299
		<u>730,575</u>	<u>665,407</u>

Avonside House Trust Incorporated

Statement of Financial Performance For the year ended 31 January 2013

	Note	2013	2012
		\$	\$
Administration and finance		5,465	8,355
Accident Compensation levies		2,150	3,894
Accountancy		105	5,282
Audit fees - MOH		4,200	4,080
Audit fees - PricewaterhouseCoopers		164	189
Bank charges		1,387	2,228
Computer		6,197	-
Consultancy fees		30	1,050
Donations		-	3,778
Executive Expenses		2,682	3,859
Fire Protection & Monitoring		-	62
Fundraising Expenses		-	851
General Expenses		21,918	3,723
Insurance		76,069	57,513
Interest		2,000	1,505
Lease equipment		19,465	20,384
Lease vehicles		-	6,415
Legal		6,926	8,177
Postage, Printing & Stationery		8,245	3,970
Rates		-	8,678
Rent property		662	-
Secretarial fees		3,822	5,204
Security		9,322	14,056
Staff Expenses		1,627	890
Subscriptions		-	5,287
Training		4,383	1,226
Trust Board Expenses		1,014	785
Valuation fees		177,833	171,438
Depreciation		92,300	72,563
Depreciation	4	38	429,975
Loss on assets destroyed by earthquake		92,338	502,538
		1,000,746	1,339,383
Total expenses			
Investment and other income		3,897	3,338
Interest		(24,308)	(279,368)
Net surplus (deficit) before tax		(24,308)	(279,368)
Net surplus (deficit)			

Avonside House Trust Incorporated

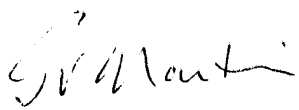
Statement of Movements in General Funds For the Year ended 31 January 2013

	Note	2013	2012
		\$	\$
General funds at start of period		1,501,470	1,780,838
Net surplus (deficit) for the period		(24,308)	(279,368)
General funds at end of period		<u>1,477,162</u>	<u>1,501,470</u>

Avonside House Trust Incorporated

Statement of Financial Position As at 31 January 2013

	Note	2013 \$	2012 \$
General Funds			
Accumulated Surplus	2	1,477,162	1,501,470
Current liabilities			
Accruals		1,770	2,174
Insurance proceeds received	13	19,184	-
Accrued holiday pay		95,882	86,067
Unspent restricted funds	10	45,821	10,306
Accounts payable		41,496	36,524
GST payable		24,637	26,579
Current portion term liabilities - Mortgage CPT	5	20,763	39,797
Current portion term liabilities - Mortgage Westpac	5	51,105	53,864
		<u>300,658</u>	<u>255,311</u>
Non current liabilities			
Mortgage - CPT	5	-	20,763
Mortgage - Westpac	5	930,878	981,984
		<u>930,878</u>	<u>1,002,747</u>
		<u>2,708,698</u>	<u>2,759,528</u>
Total funds employed			
Current assets			
Cash at bank	3	209,868	175,914
Accounts receivable		88,125	88,995
		<u>297,993</u>	<u>264,909</u>
Non current assets			
Property, plant and equipment	4	2,410,705	2,494,619
		<u>2,708,698</u>	<u>2,759,528</u>
Total assets			



Chairperson

29/6/13

Date

L. Ray Berry

Treasurer

29th June 2013

Date

Avonside House Trust Incorporated

Notes to the Financial Statements For the year ended 31 January 2013

1 Statement of accounting policies

These are the financial statements of Avonside House Trust Incorporated. Avonside House Trust Incorporated is a Charitable Trust established under Charities Act 2005. The Trust is reporting pursuant to the requirements of its Trust Deed.

The financial statements have been prepared in accordance with generally accepted accounting principles. The Trust has chosen not to adopt the New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS"). The decision not to adopt is consistent with the exemption provided by Accounting Standards Review Board ("ASRB") Release 9, issued in September 2007. ASRB Release 9 provides a choice to certain qualifying entities to either adopt NZ IFRS or to continue to apply New Zealand Financial Reporting Standards ("NZ FRS").

The Trust qualifies for differential reporting based on the following criteria:

- It is not publicly accountable and
- The Trust is 'not large' as defined by the New Zealand Institute of Chartered Accountants.

The Trust has adopted all available differential reporting exemptions.

Measurement system

The measurement system adopted is that of historical cost.

Particular accounting policies

The following is a summary of the significant accounting policies adopted by the Trust in the preparation of these financial statements.

Property, plant and equipment

The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets, and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service. The depreciation rates used are:

	Rate	Method
Land		Not Depreciated
Buildings	3.00%	SL
Leasehold	3.00 - 39.60%	DV and SL
Furniture & Fittings	9.50 - 60.00%	DV
Motor Vehicles	16.00%	DV
Plant & Equipment	8.00 - 48.00%	DV

Leased assets

Leases that are not finance leases are classified as operating leases. Operating lease payments are recognised as an expense in the period the liability arises.

Income tax

The Trust has charitable status and is therefore exempt from income tax.

Grants

Grants received are included in operating revenue. If particular conditions are attached to a grant that would require it to be repaid if these conditions are not met, then the grant is recorded as a liability until the conditions are satisfied.

Accounts receivable

Accounts receivable are carried at estimated realisable value after providing against debts where collection is doubtful.

Avonside House Trust Incorporated

Notes to the Financial Statements For the year ended 31 January 2013

Goods and services tax

Financial information in these accounts is recorded exclusive of GST with the exception of receivables and payables, which include GST. GST payable or receivable at balance date is included in the appropriate category in the statement of financial position.

Revenue

Grants received are recognised in the statement of financial performance when the requirements under the grant agreement have been met. Any grants for which the requirements under the grant agreement have not been completed are carried as liabilities until all the conditions have been fulfilled.

Interest income is accounted for as earned. Rental income is accounted for as earned.

Changes in accounting policies

There have been no specific changes in accounting policies and they have been applied on a consistent basis with those of the previous period.

2 Analysis of trustees funds

	2013	2012
	\$	\$
Capital		
Opening balance	1,174,904	1,174,904
	<u>1,174,904</u>	<u>1,174,904</u>
Accumulated income		
Opening balance	326,566	605,934
Net surplus/(deficit) after tax	(24,308)	(279,368)
	<u>302,258</u>	<u>326,566</u>
Trustees funds	<u>1,477,162</u>	<u>1,501,470</u>

3 Cash at bank

	2013	2012
	\$	\$
Petty Cash	400	400
Westpac - Bonus Saver	141,515	76,809
Westpac - Cheque Account	62,453	93,205
Westpac - Imprest Account	5,500	5,500
	<u>209,868</u>	<u>175,914</u>

Avonside House Trust Incorporated

Notes to the Financial Statements For the year ended 31 January 2013

4 Property, plant and equipment summary

	Cost	Depreciation	Accum Depn	Book Value
	\$	\$	\$	\$
2013				
Buildings	2,754,272	64,630	431,089	2,323,183
Leasehold	10,393	941	1,983	8,410
Furniture & Fittings	164,625	17,832	110,033	54,592
Plant & Equipment	44,223	8,897	19,703	24,520
	<u>2,973,513</u>	<u>92,300</u>	<u>562,808</u>	<u>2,410,705</u>
2012				
Buildings	2,754,272	48,519	366,459	2,387,813
Leasehold	10,393	465	1,042	9,351
Furniture & Fittings	159,987	17,728	93,019	66,968
Plant & Equipment	41,293	5,851	10,806	30,487
	<u>2,965,945</u>	<u>72,563</u>	<u>471,326</u>	<u>2,494,619</u>

5 Term liabilities

	2013	2012
	\$	\$
Mortgage - CPT	-	20,763
Mortgage - Westpac	<u>930,878</u>	<u>981,985</u>
	<u>930,878</u>	<u>1,002,748</u>
Current portion		
Current portion term liabilities - Mortgage CPT	<u>20,763</u>	<u>39,797</u>
Current portion term liabilities - Mortgage Westpac	<u>51,105</u>	<u>53,864</u>
Total current portion	<u>71,868</u>	<u>93,661</u>
	<u>1,002,746</u>	<u>1,096,409</u>

6 Events occurring after balance date

There have been no events subsequent to the balance date which require disclosure in or adjustment to the financial statements (31 January 2012: none).

7 Contingent liabilities

There are no contingent liabilities at year end (31 January 2012: \$Nil).

8 Capital commitments

There are no capital commitments at year end (31 January 2012: \$Nil).

9 Related parties

There are no related party transactions at year end (31 January 2012: \$Nil).

Avonside House Trust Incorporated

Notes to the Financial Statements For the year ended 31 January 2013

	2013	2012
10 Unspent restricted funds	\$	\$
Canterbury Community Trust - Received	50,307	55,000
Canterbury Community Trust - Less applied	(8,486)	(44,694)
Maurice Carter Trust	4,000	-
	<u>45,821</u>	<u>10,306</u>
11 Lease Commitments	2013	2012
	\$	\$
Lease commitments - current	21,597	21,597
Lease commitments - non current	31,224	52,821
	<u>52,821</u>	<u>74,418</u>

12 Canterbury Earthquake

The earthquake of 22 February 2011 significantly impacted the fixed assets of the Trust, resulting in a loss on deemed disposal of \$429,975 in the 2012 financial year. The Trust was not insured for these leasehold improvements. As such, there will be no recovery of this loss in future periods.

13 Insurance proceeds received

In the 2013 financial year a settlement was received from the Earthquake Commission to settle the Trusts' residents contents claim. After payment was made to the residents there was a remaining balance of \$19,184.34 which is being held pending a decision on whether this needs to be reimbursed to the Ministry of Health for the extraordinary payment received by the Trust after the February 2011 earthquake.