

VisionWest Community Trust

Financial Statements

For the year ended 30 June 2017

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VISIONWEST COMMUNITY TRUST

DIRECTORY

AS AT 30 JUNE 2017

The VisionWest Community Trust is a charitable trust incorporated under the Charitable Trust Act 1957 on 12 June 2008 and registered with the Charities Commission on 30 June 2008 (CC32207).

TRUSTEES:

Mark Bridges	Chairperson
Gary Grut	Pastoral Representative (effective 27 September 2017)
Martyn Laycock	Trustee
Stephen Parker	Treasurer
Johannes Bloemendal	Trustee
Andrew Fraser	Trustee
Michael Taylor	Trustee
Paul Baird	Trustee (effective 27 July 2016 and will be replaced by Gary Grut on 27 September 2017)
Sheryl Connell	Trustee (effective 26 October 2016)

CEO

Lisa Woolley

AUDITOR:

Grant Thornton New Zealand Audit Partnership
152 Fanshawe Street
Auckland
New Zealand

NATURE OF BUSINESS:

Community Services Provider



Grant Thornton

An instinct for growth™

Independent Auditor's Report

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To the Trustees of Vision West Community Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements on pages 5 to 19 of Vision West Community Trust which comprise the statement of financial position as at 30 June 2017 and the statement of comprehensive revenue and expenses, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Vision West Community Trust as at 30 June 2017 and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity International Public Sector Accounting Standards (Not For Profit) Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Audit and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm carries out other assignments for the Trust in the area of special consultancy projects. The firm has no other interest in the Trust.

Other Information

The Trustees are responsible for the other information accompanying the financial statements. The other information comprises of the Directory, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Trustees' responsibilities for the financial statements

The Trustees are responsible on behalf of Vision West Community Trust for the preparation and fair presentation of these financial statements in accordance with Public Benefit Entity International Public Sector Accounting Standards (Not For Profit) Reduced Disclosure Regime, and for such internal control as those charged with governance determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, those charged with governance are responsible for assessing the Trusts ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

Restriction on use of our report

This report is made solely to the Trustees, as a collective body. Our audit work has been undertaken so that we might state to the Trustees, as a collective body those matters which 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 collective body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Partnership



V J Black
Partner
Auckland

25 October 2017

VISIONWEST COMMUNITY TRUST

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$	2016 \$
Revenue from non-exchange transactions			
Income from health care services		24,136,285	9,239,575
Income from education services		1,291,728	1,390,598
Income from emergency housing contract		304,150	551,595
Income from other services		211,244	209,265
Income from MSD/CYF contract		974,832	122,390
Rental income		1,708,850	1,152,579
Capital government and other grants	13	3,474,530	1,659,923
Operational government and other grants	13	656,311	517,211
Donations-in-Kind and Services-in-Kind	13	387,676	-
Donations and Fundraising		45,732	8,624
		33,191,338	14,851,759
Revenue from exchange transactions			
Interest income		6,029	26,405
		6,029	26,405
Total revenue		33,197,367	14,878,165
Expenses			
Employee related costs		25,165,806	11,561,495
Donations		1,500	2,250
Donations-in-Kind and Services-in-Kind	13	387,676	-
Interest expense		406,569	329,962
Depreciation, amortisation and write-off expenses	10	454,293	287,194
Other expenses		4,095,042	1,527,870
Total expenses		30,510,886	13,708,771
Total surplus / (deficit) for the year		2,686,481	1,169,394
Other comprehensive revenue and expense		-	-
Total comprehensive revenue and expense for the year		2,686,481	1,169,394

These financial statements should be read in conjunction with the notes to the financial statements.

VISIONWEST COMMUNITY TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Notes	2017 \$	2016 \$
ASSETS			
Current			
Cash and cash equivalents	15	2,739,592	492,672
Trade and other receivables	17	3,096,607	485,484
Prepayments		656,064	3,280
Total current assets		6,492,263	981,436
Non-current			
Investments	16	-	218,995
Intangibles	11	1,225,091	-
Goodwill	11	853,694	-
Property, plant and equipment	10	25,102,568	24,213,104
Total non-current assets		27,181,353	24,432,099
Other			
Other assets	12	2,975,000	-
Total other assets		2,975,000	-
TOTAL ASSETS		36,648,616	25,413,535
LIABILITIES			
Current			
Trade and other creditors	18	2,947,866	720,208
Employee entitlements	21	2,870,692	924,665
Income in advance		2,328,914	151,478
Loans and borrowings	19	73,441	193,951
Total current liabilities		8,220,913	1,990,302
Non-current			
Loans and borrowings	19	9,865,971	7,547,982
TOTAL LIABILITIES		18,086,884	9,538,284
NET ASSETS		18,561,732	15,875,251
EQUITY			
Accumulated comprehensive revenue and expense		18,561,732	15,875,251

Signed for and on behalf of the VisionWest Community Trust



Mark Bridges
Chairman



Stephen Parker
Treasurer

These financial statements should be read in conjunction with the notes to the financial statements.

VISIONWEST COMMUNITY TRUST
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Accumulated comprehensive revenue and expense	Total equity
Opening balance			
Balance 1 July 2015		14,705,857	14,705,857
Total comprehensive revenue and expense for the year			
Surplus/(deficit) for the year		1,169,394	1,169,394
Other comprehensive revenue and expense		-	-
Total comprehensive revenue and expense for the year		1,169,394	1,169,394
Balance 30 June 2016		15,875,251	15,875,251
Total comprehensive revenue and expense for the year			
Surplus/(deficit) for the year		2,686,481	2,686,481
Other comprehensive revenue and expense		-	-
Total comprehensive revenue and expense for the year		2,686,481	2,686,481
Balance 30 June 2017		18,561,732	18,561,732

These financial statements should be read in conjunction with the notes to the financial statements.

VISIONWEST COMMUNITY TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 \$	2016 \$
<u>Cash flows from operating activities</u>			
Receipts from trading activities		25,841,432	11,775,720
Receipts from rental properties		1,809,016	1,167,105
Receipts from government grants		5,413,309	857,747
Receipts from other grants & donations		847,699	1,194,845
Receipts from other non-exchange transactions		-	886
Interest received		6,029	26,405
Payments to suppliers and employees		(27,261,713)	(13,180,398)
<i>Net cash flows from operating activities</i>	20	6,655,772	1,842,309
<u>Cash flows from investing activities</u>			
Withdrawal of short term investment		218,995	248,859
Purchase of property, plant & equipment		(1,343,757)	(3,409,564)
Investment in short term deposits		-	(12,074)
Acquisition of business		(2,100,000)	-
Purchase of other assets	11	(2,975,000)	-
<i>Net cash flows (used in) investing activities</i>		(6,199,762)	(3,172,779)
<u>Cash flows from financing activities</u>			
Proceeds from borrowings		8,600,620	1,730,406
Repayment of borrowings		(6,403,141)	(124,551)
Interest paid		(406,569)	(329,962)
<i>Net cash flows from financing activities</i>		1,790,910	1,275,893
Net increase / (decrease) in cash and cash equivalents		2,246,920	(54,578)
Cash and cash equivalents at the beginning of the year		492,672	547,250
Cash and cash equivalents at the end of the year		<u>2,739,592</u>	<u>492,672</u>

These financial statements should be read in conjunction with the notes to the financial statements.

VISIONWEST COMMUNITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: REPORTING ENTITY

The VisionWest Community Trust is a charitable organisation, based in West Auckland, which is incorporated under the Charitable Trusts Act 1957 and registered under the Charities Act 2005.

VisionWest Community Trust has been offering community-based services to people in West Auckland since the 1980's. The Trust was formally incorporated as the Friendship Centre Trust in 1988 in response to a growing desire of the Glen Eden Baptist Church to help those in need in the local community. The Trust started out small with a drop-in centre at the Glen Eden Railway Station as a place where friendships were formed. The Trust responded to the needs present in the community and grew to be one of the largest community based Trusts in West Auckland.

In 2010 the Friendship Centre Trust became VisionWest Community Trust. The name evolved from the Trust's passion and vision of hope and transformation for families living in West Auckland. VisionWest Community Trust now provides a range of community services to more than 20,000 individuals and families every year, with a wonderful staff and volunteer base of over 1,500 people. The Trust now has a national reach responding to needs around the country, with a mission of building hope together.

The financial statements presented here are for VisionWest Community Trust.

The financial statements have been approved and were authorised for issue by the Board of Trustees on 25 October 2017.

NOTE 2: STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not For-Profit entities. For the purposes of complying with NZ GAAP, VisionWest Community Trust is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and only became defined as large during the current reporting period.

The Board of Trustees has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions. The decision results in the Trust not preparing a Statement of Service Performance for both reporting periods.

NOTE 3: SUMMARY OF ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to both years presented in these financial statements.

3.1 Basis of Measurement

The financial statements have been prepared on the basis of historical cost.

3.2 Functional and presentational currency

The financial statements are presented in New Zealand dollars, which is the Trust's functional currency. All numbers presented have been rounded to the nearest dollar, unless otherwise stated.

3.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Trust and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

Reclassification of revenue transactions

Prior year revenue amounts have been reclassified for consistency with the current period presentation. Previously, the Trust's income from services and contracts were presented under "Revenue from exchange transactions". The presentation of these types of revenue have been clarified since and the more appropriate classification is "Revenue from non-exchange transactions". These reclassifications had no effect on the reported results of operations.

Revenue from non-exchange transactions

Rendering of services

Revenue from services relate to income received from the Ministry of Health, Regional District Health Boards, Ministry of Education, Ministry of Social Development, TEC, and Government and non-Government Grants for the provision of home healthcare; early childhood, youth and adult education; emergency housing; counselling and budgeting services. Revenue is recognised in the accounting periods in which the services are provided.

Rental income

Rental income arising from residential rental premises is accounted for on a straight-line basis over the lease term.

Donations

Donations are recognised as revenue upon receipt and include donations from the general public and donations received for specific programme or services. Donations-in-kind are received by our Community Banks, including: food; non-cash low-value second-hand goods for sale such as clothing, curtains, toys, books and shoes.

VISIONWEST COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Services-in-kind are hours of work provided by volunteers in our Kindergarten Centre, Community Banks and Op Shop, Whanau Centre, Counselling Centre, Training Centre and Budgeting services.

In the prior year, the Trust did not recognise donations-in-kind or services-in-kind because the financial value of these donations and services were immaterial.

Grant revenue

Grant revenue includes grants given by other charitable organisations, philanthropic organisations and businesses. Grant revenue is recognised when the conditions attached to the grant have been complied with. Where there are unfulfilled conditions attaching to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

Revenue from exchange transactions

Interest income

Interest revenue is recognised as it accrues, using the effective interest method.

3.4 Financial Instruments

Financial assets and financial liabilities are recognised when the Trust becomes a party to the contractual provisions of the financial instrument.

The Trust derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- the Trust has transferred substantially all the risks and rewards of the asset; or
- the Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial assets

Financial assets within the scope of NFP PBE IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.

The categorisation determines subsequent measurement and whether any resulting income and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The Trust's financial assets are classified as either financial assets at fair value through surplus or deficit, or loans and receivables. The Trust's financial assets include: cash and cash equivalents, short-term investments, receivables from non-exchange transactions, receivables from exchange transactions and investments.

All financial assets except for those at fair value through surplus or deficit are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The Trust's cash and cash equivalents, short-term investments, receivables from non-exchange transactions, receivables from exchange transactions and non-equity investments fall into this category of financial instruments.

Impairment of financial assets

The Trust assesses at the reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there is any objective evidence of impairment, the Trust first assesses whether there is objective evidence of impairment of financial assets that are individually significant and then for financial assets that are not individually significant. If the Trust determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

Financial liabilities

The Trust's financial liabilities include trade and other creditors, employee entitlements, loans and borrowings and deferred income (in respect to grants whose conditions are yet to be complied with).

VISIONWEST COMMUNITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

3.5 Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

3.6 Short term investments

Short term investments comprise term deposits which have a term of greater than three months and therefore do not fall into the category of cash and cash equivalents.

3.7 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Additions

In most instances, property, plant and equipment are recognised at their cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

The cost of replacing part of an asset and ongoing costs are recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Trust and the cost of the item can be measured reliably.

All repairs and maintenance expenditure is charged to the reported surplus or deficit in the year in which the expense is incurred.

Disposals

When an asset is disposed of, the gain or loss recognised in the reported surplus or deficit is calculated as the difference between the net proceeds from disposal and the carrying amount of the asset.

Depreciation

Depreciation of assets, other than freehold land, is calculated at rates determined by managements assessment of the assets and rates.

Depreciation is charged on either a straight value (SL) or a diminishing value (DV) basis on all property, plant and equipment over the estimated useful life of the asset (except for land). The following depreciation rates have been applied to each class of property, plant and equipment:

Buildings	SL 1-10%	DV 4-25%
Fixtures and fittings	SL 7-15%	DV 8-40%
Office equipment	SL 10%	DV 5-67%
Motor vehicles	SL NA	DV 12-30%

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining life of the improvements, whichever is shorter.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

Gains and losses on disposal of fixed assets are taken into account in determining the operating result for the year.

3.8 Intangible assets and goodwill

Intangible assets are the service contracts acquired by the Trust and have finite useful lives. They are measured at cost less accumulated amortisation and any accumulated impairment losses.

Goodwill is an intangible asset representing the future economic benefits arising from assets acquired in a business combination that are not individually identified and separately recognised.

Goodwill is measured at cost less any accumulated impairment losses. Cost is the excess of consideration paid over the acquirer's interest in the net fair value of identifiable assets of the acquired business at the date of acquisition. Goodwill is assessed for impairment at least annually.

3.9 Leases

All leases are classified as operating leases where the lessor retains substantially the risk and rewards of ownership of an asset.

Payments made under operating leases are recognised in the reported surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred.

VISIONWEST COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

3.10 Borrowing costs

Borrowing costs are those costs that the Trust incurs in connection with the borrowing of funds directly attributable to the acquisition, construction or production of assets. All borrowing costs are capitalised in the period they occur with the exception of interest costs.

3.11 Employee benefits

Short-term employee benefits

Short-term employee benefits, including holiday entitlement and salaries and wages accrued up to the reporting date, are current liabilities recorded on the Statement of Financial Position, measured at the undiscounted amount that the Trust expects to pay within 12 months of the reporting date.

The Trust recognises a liability and an expense for bonuses where they are contractually obliged or where there is a past practice that has created a constructive obligation.

3.12 Income tax

The Trust has income tax exemption, and charitable status, through registering with the Charities Commission on the 30 June 2008 (CC32207). The trustees acknowledge that the trust income has been applied to the charitable purposes, as expressed in the trust deed.

3.13 Goods and services tax (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except for receivables (excluding District Health Board and Ministry of Health receivables relating to home support care) and payables, which are stated with the amount of GST included.

The net amount of GST payable to the Inland Revenue Department (IRD) is included as part of payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Inland Revenue Department is classified as part of operating cash flows.

3.14 Equity

Equity is the community's interest in the Trust, measured as the difference between total assets and total liabilities. Equity is made up of the following components:

Accumulated comprehensive revenue and expense

Accumulated comprehensive revenue and expense is the Trust's accumulated surplus or deficit since its formation, adjusted for transfers to/from specific reserves.

NOTE 4: SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Trust's financial statements requires management and the Board to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities.

Judgements

In the process of applying the Trust's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Financial instruments

The Trust is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk. The Trust is exposed to market risk through their use of financial instruments and specifically to interest rate risk and certain other price risks, which result from both its operating and investing activities. Interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates. The Trust is exposed to interest rate risk on funds borrowed at both fixed and variable rates. Interest rate risk is managed by the Trust maintaining an appropriate mix between fixed and floating rates. The Trust is also exposed to interest rate risk on interest bearing financial assets. The interest risk exposure on money market funds is considered immaterial.

Credit risk is the risk that a third party will default on its obligation to the Trust, causing the Trust to incur a loss. The Trust has no significant concentration of risk in relation to cash and cash equivalents, trade debtors and other financial assets. The Trust continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The carrying value of financial assets represents the Trust's maximum exposure to credit risk at reporting date. The Trust's management considers that all financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. None of the Trust's financial assets are secured by collateral or other credit enhancements. Liquidity risk represents the Trust's ability to meet its contractual obligations as they fall due. The Trust manages liquidity risk by managing cash flows and ensuring that adequate credit lines are in place to cover any potential short falls.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Trust based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Trust. Such changes are reflected in the assumptions when they occur.

VISIONWEST COMMUNITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 4: SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Valuation of property, plant and equipment

The Trust measures land and buildings at their cost. Cost includes expenditure that is directly attributable to the acquisition and development of land and buildings.

In view of the solid, proposed, building maintenance program of the entity's properties, the trustees have decided to allow for annual depreciation on residential buildings at 1% straight line.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to determine potential future use and value from disposal:

- The condition of the asset
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

The estimated useful lives of the asset classes held by the Trust are listed in Note 3.7.

NOTE 5: RELATED PARTY INFORMATION

VisionWest Community Trust has trustees who are also on the leadership of the Glen Eden Baptist Church. VisionWest Community Trust has property occupancy agreements with the Glen Eden Baptist Church. VisionWest Community Trust engaged the following persons as contractors during the financial year: The Treasurer of the Board of Trustees, Stephen Parker; a member of the Executive, Richard Nauck's wife's business (On Tap Consulting), and their son's lawnmowing services (Bradlo's Mowing Services); another member of the Executive, Fred Astle's management consultancy services business (Kawa Enterprise NZ Ltd). The trustees consider these property occupancy agreements and the contract rate paid to the trustee and the two Executive member's related party businesses to be at fair market value. There are no other related party transactions.

	2017	2016
Rent Payments to Glen Eden Baptist Church	125,425	131,650
Payable to Glen Eden Baptist Church at balance date	-	-
Contract Payments made to Stephen Parker (Board member)	3,960	33,999
Contract Payments made to On Tap Consulting	21,638	-
Contract Payments made to Bradlo's Mowing Services	383	-
Contract Payments made to Kawa Enterprise NZ Ltd	6,664	-

Key management personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the members of the governing body which is comprised of the Board of Trustees, CEO, Head of Finance, Head of Operations & Partnership, Head of Maori Service Development, and the Head of Human Resources which constitutes the governing body of the Trust. No remuneration is paid to members of the Board of Trustees. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

	2017	2016
Total Remuneration	625,056	408,993
Number of Persons	7.0	4.0

Remuneration and compensation provided to close family members of key management personnel

During the reporting period, total remuneration and compensation of \$310,957 (2016: \$227,048) was provided by the Trust to employees who are close family members of key management personnel.

NOTE 6: CAPITAL EXPENDITURE COMMITMENTS

The Trust has made a commitment to purchase 20 houses on Moire Road for \$11.9 million. Half of the purchase price is being funded by way of a grant. The remaining \$5.95 million will be funded by way of a bank loan. The Trust has no capital commitments last year.

NOTE 7: OPERATING LEASE COMMITMENTS

		1 year	2 to 5 years	5 + years
As at the reporting date, the Trust has entered into the following non-cancellable vehicle, building, computer and photocopier operating leases.	2017	374,110	644,194	-
	2016	207,286	243,293	-

NOTE 8: CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities at the reporting date. (2016: \$Nil).

VISIONWEST COMMUNITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 9: GOING CONCERN

The trustees, after consideration of year end results and 2018 fiscal year budget, are satisfied that the Trust can continue to operate as a going concern.

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

Movements for each class of property, plant and equipment are as follows:

	Land and buildings	Fixtures & fittings	Office equipment	Motor vehicles	Total
Cost					
Balance 1 July 2015	21,543,193	313,386	468,658	87,980	22,413,217
Additions	3,207,151	15,326	187,087	-	3,409,564
Balance 30 June 2016	24,750,344	328,712	655,745	87,980	25,822,781
Additions	1,144,612	70,307	126,857	13,478	1,355,254
Disposals	-243,284	-173,451	-320,975	-38,379	-776,089
Balance 30 June 2017	25,651,672	225,568	461,627	63,079	26,401,946
Accumulated depreciation					
Balance 1 July 2015	674,781	215,102	355,880	76,720	1,322,483
Depreciation for the year	166,866	19,828	65,784	2,953	255,431
Write off during the year	5,714	12,454	13,304	291	31,763
Depreciation written back on disposal					
Balance 30 June 2016	847,361	247,384	434,968	79,964	1,609,677
Depreciation for the year	200,254	24,231	95,507	2,441	322,433
Depreciation written back on disposal	-120,677	-168,648	-311,877	-31,530	-632,732
Balance 30 June 2017	926,938	102,967	218,598	50,875	1,299,378
Carrying amounts					
At 1 July 2015	20,868,412	98,284	112,778	11,260	21,090,734
At 30 June 2016	23,902,983	81,328	220,777	8,016	24,213,104
At 30 June 2017	24,724,734	122,601	243,029	12,204	25,102,568

Bank security

The Trust's land and buildings have been pledged as security for "loans and borrowings".

NOTE 11: ACQUISITION OF HOMECARE BUSINESS

Vision West Community Trust purchased the home healthcare business of the Salvation Army in two tranches straddling two financial reporting periods. It purchased three businesses on 3 October 2016 and one on 1 July 2017.

On 3 October 2016, VisionWest Community Trust acquired the HomeCare business in Auckland, Coromandel and Waikato, thereby obtaining rights over the Vendor's existing assets and outstanding contracts, while assuming the Vendor's liabilities.

The details of the business combination reported in this financial year, at their provisional amounts, are as follows:

	2017
Recognised amounts of identifiable net assets	
Amount settled in cash	1,500,000
Recognised amounts of identifiable net assets	
Value of contracts acquired (intangibles)	1,225,091
Fixed Assets	64,812
Accounts receivable	665,044
Accrued income	845,327
Total assets acquired	2,800,274
Accrued expenses	104,871
Accrued wages	411,984
Employee-related provisions	1,637,113
Total liabilities assumed	2,153,968
Net identifiable assets and liabilities	646,306
Goodwill on acquisition	853,694

VISIONWEST COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 11: ACQUISITION OF HOMECARE BUSINESS (Continued)

The identifiable intangible assets are the portfolio of DHB service contracts purchased in the first tranche. These amounts were estimated due to the second tranche being completed on 1 July 2017. The second tranche relates to acquiring the remaining part The Salvation Army's home healthcare business in Tauranga. The financial reporting period ended 30 June 2017 reflects only the provisional amounts for intangible assets and goodwill for the acquisition of the first tranche.

The provisional amount of goodwill represents the purchase price of the first tranche less the provisional amount for the intangible assets. The accounting for the business acquisition, completed in two tranches, will be finalised following a valuation of the intangible assets in the 2017-18 financial reporting period.

There has been no amortisation of the intangible assets or impairment of goodwill for the financial reporting period ended 30 June 2017 due to our valuation of the DHB service contracts being provisional. The Trustees consider that any actual amortisation of intangible assets or impairment of goodwill is unlikely to be material when considering the overall financial statements.

NOTE 12: OTHER ASSETS

The deposit on a property development at Moire Rd, Massey, has been classified as an Other Asset due to the deposit not meeting the recognition criteria for a Fixed Asset in PBE IPSAS 17 - Property, Plant & Equipment.

	Cost \$	Accumulated amortisation and impairment	Net book value
2017			
Other Assets	2,975,000	-	2,975,000

NOTE 13: REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions received during each reporting period are made up of the following:

	2017	2016
<i>Operational Government Grants</i>		
Auckland City Council	13,846	11,354
Ministry of Social Development	13,164	20,575
	<u>27,010</u>	<u>31,929</u>
<i>Operational Other Grants</i>		
Lotteries	20,000	60,000
ASB Community Trust	-	9,000
Foundation North	325,900	251,043
The Trusts Community Foundation	37,208	38,705
Community Organisations Grant Scheme	-	2,500
Sky City	50,000	20,000
Western Gas	-	2,975
Te Pou Training Grant Scheme	24,174	11,800
Genesis Energy	40,714	42,714
Sir John Logan Campbell	-	3,000
Baptist Community Ministries	10,000	-
Careerforce	121,305	26,154
Fletcher Building Ltd	-	17,391
	<u>629,301</u>	<u>485,282</u>
<i>Capital Government Grants</i>		
Ministry of Social Development (a)	2,975,000	17,374
Ministry of Business Innovation & Employment (Social Housing Unit) (a)	357,033	854,282
	<u>3,332,033</u>	<u>871,656</u>
<i>Capital Other Grants</i>		
Rata Foundation (a)	142,497	750,229
Estate of Phyllis McRae	-	38,038
	<u>142,497</u>	<u>788,267</u>
(a) Capital grants provided for the purchase of social housing		
<i>Donations-in-Kind</i>		
Donations-in-Kind	318,400	-
Services-in-Kind	69,276	-
	<u>387,676</u>	<u>-</u>

The corresponding expense for Donations-in-Kind and Services-in-Kind is under Expenses.

VISIONWEST COMMUNITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 14: COMPONENTS OF NET SURPLUS

The following expenses were expensed in the reported surplus or deficit for the year:

	2017	2016
Auditor fees		
Audit	28,303	12,938
Non-audit	8,659	22,571
	<u>36,962</u>	<u>35,508</u>
Leasing, rental and rate payments	279,333	166,904

Grant Thornton New Zealand Audit Partnership were auditors for the year ended 30 June 2017 and 2016. Non-audit services relating to professional due diligence advice to do with VisionWest Community Trust's purchase of the Home Healthcare division of The Salvation Army (excluding Tauranga Branch) after 30 June 2016 and the subsequent purchase of the Tauranga Branch on 1 July 2017 were provided in the current year.

NOTE 15: CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	2017	2016
Cash at bank and in hand	2,739,592	492,672
Term deposits with maturities no more than 3 months	-	-
Total cash and cash equivalents	<u><u>2,739,592</u></u>	<u><u>492,672</u></u>

NOTE 16: INVESTMENTS

	2017	2016
Term deposits – maturing within 12 months of balance date	-	218,995
	<u>-</u>	<u>218,995</u>

NOTE 17: TRADE DEBTORS AND OTHER RECEIVABLES

	2017	2016
Trade debtors	2,177,608	478,640
Other receivables	1,066,618	6,844
Less allowance for doubtful debts	(147,619)	-
Total trade debtors and other receivables	<u><u>3,096,607</u></u>	<u><u>485,484</u></u>

Trade debtors and other receivables are non-interest bearing and receipt is normally on 30 days terms. Therefore the carrying value of trade debtors and other receivables approximates its fair value.

As at 30 June 2017 and 30 June 2016, all overdue receivables have been assessed for impairment and appropriate allowances made. All receivables are subject to credit risk exposure.

The movement in the allowance for doubtful is as follows:

Balance 1 July 2015	19,000
Amounts written off	19,000
Impairment loss recognised	-
Balance 30 June 2016	<u>-</u>
Amounts written off	-
Impairment loss recognised	147,619
Balance 30 June 2017	<u><u>147,619</u></u>

2017	Gross amounts receivable	Impairment	Net balance
Ageing analysis of trade receivables			
0-30 days (not past due)	1,967,612	25,998	1,941,614
31 - 60 days	49,845	-	49,845
61- 90 days	38,530	-	38,530
Greater than 90 days	121,621	121,621	-
Total past due	209,996	121,621	88,375
Total of trade debtors	<u><u>2,177,608</u></u>	<u><u>147,619</u></u>	<u><u>2,029,989</u></u>

VISIONWEST COMMUNITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 17: TRADE DEBTORS AND OTHER RECEIVABLES (Continued)

2016	Gross amounts receivable	Impairment	Net balance
Ageing analysis of trade receivables			
0-30 days (not past due)	383,658	-	383,658
31 - 60 days	358	-	358
61- 90 days	350	-	350
Greater than 90 days	94,274	-	94,274
Total past due	94,982	-	94,982
Total of trade debtors	478,640	-	478,640

NOTE 18: TRADE CREDITORS AND OTHER PAYABLES

	2017	2016
Current		
Trade creditors	594,423	264,266
Non trade payables and accrued expenses	1,116,397	150,892
Employee entitlements	2,870,692	924,665
GST payable	1,237,046	305,049
	<u>5,818,558</u>	<u>1,644,872</u>
Non-current liabilities		
Non trade payables and accrued expenses	-	-
Total trade creditors and other payables	<u>5,818,558</u>	<u>1,644,872</u>

Trade creditors and other payables are non-interest bearing and normally settled on 30 day terms; therefore their carrying amount approximates their fair value.

NOTE 19: LOANS AND BORROWINGS

Loans and borrowings held by the Trust are summarised as follows:

	2017	2016
Current		
Revolving overdraft	-	30,432
Secured bank loans - interest bearing	13,290	163,519
Secured bank loans - zero interest	60,151	-
Total current loans	<u>73,441</u>	<u>193,951</u>
Non-current		
Secured bank loans - interest bearing	8,810,382	6,124,079
Secured bank loans - zero interest	1,052,189	1,420,503
Kingdom fund - Interest Free loans to employees	3,400	3,400
Total non-current loans	<u>9,865,971</u>	<u>7,547,982</u>
Total loans and borrowings	<u>9,939,412</u>	<u>7,741,933</u>

The fair value of interest bearing loans and borrowings approximate their value, given interest rates charged are close to market rates at year-end.

The zero interest bank loans are Housing NZ term loans repayable over 25 years, and no interest is chargeable, for the first 10 years, given that the trustees use the properties for the purpose of low income housing. Four of the 18 Housing NZ term loans finished their 10 year interest free term during this financial year and are now interest bearing.

VISIONWEST COMMUNITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 19: LOANS AND BORROWINGS (Continued)

Terms and debt repayment schedule

The terms and conditions of outstanding loans were as follows:

	Interest rate	Original Repayment terms	Year of maturity	Balance at 30 June 2017	Balance at 30 June 2016
Secured bank loans - interest bearing: Kiwibank	6.29% fixed / 5.45% var.	25 years	2035-40	-	4,708,002
Secured bank loans - interest bearing: Westpac	4.65% fixed	4 years	2019	-	1,579,596
Secured bank loans - interest bearing: Christian Savings	4.88% and 5.04% fixed / 5.87% var.	2 - 20 years	2018-37	8,600,620	-
Secured - interest bearing: Housing NZ Innovation Fund	4.75% and 5.79% var.	25 years	2031-32	223,052	-
Secured - zero interest: Housing NZ Innovation Fund	0%	25 years	2033-38	1,112,341	1,420,503
				9,936,013	1,420,503

The bank loans are secured over certain land and buildings with a carrying amount of \$22,721,374 (2016: \$20,505,611)

During the current financial year VisionWest restructured its loans resulting in transferring all existing commercial loans with Kiwibank and Westpac to Christian Savings. The Christian Savings loans have maturity dates ranging from September 2018 to April 2037.

NOTE 20: RECONCILIATION OF OPERATING ACTIVITIES NET CASH FLOW TO OPERATING INCOME

	2017	2016
Net cash from operating activities	6,655,772	1,842,309
Less depreciation	(454,293)	(287,194)
Less interest paid	(406,569)	(329,962)
Less decrease in receivables & other current assets	3,263,907	(283,877)
Less increase in accounts payable, accruals	(6,351,121)	228,118
Less working capital from business acquisition adjustment	(21,215)	-
Net surplus being total recognised income less expenses	2,686,481	1,169,394

NOTE 21: CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:

	2017	2016
Financial assets		
Loans and receivables		
Cash and cash equivalents	2,739,592	492,672
Receivables from exchange transactions	-	-
Receivables from non-exchange transactions	3,096,607	485,484
	5,836,199	978,156
Financial liabilities		
At amortised cost		
Trade and other creditors	1,710,820	415,158
Employee entitlements	2,870,692	924,665
Loans and borrowings	9,939,412	7,741,933
	14,520,924	9,081,756

VISIONWEST COMMUNITY TRUST
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 22: SUBSEQUENT EVENTS

Since the end of the reporting period, the Trust has purchased the remainder of the home healthcare division of The Salvation Army, the Tauranga branch. The addition of this business was completed on 1 July 2017 and will result in an estimated increase in annualised operating expenditure of \$8 million. The \$600,000 purchase price is included as a prepayment in our Statement of Financial Position.

On 1 July 2017 Equity Pay for Residential Support Workers was introduced. Included as Income in Advance in our Statement of Financial Position is \$1.7 million from the Government for the first three months Equity Pay. While the increase in pay is funded by the Government the increase in annual leave liability, estimated to be \$800,000 is only being partially funded by Government. The extent of this funding is subject to an application the Trust made in August 2017 to the Ministry of Health. The outcome of this application is unknown at the time of the issue of these financial statements.