

OMAHA BEACH RESIDENTS SOCIETY INCORPORATED.

FINANCIAL STATEMENTS

For the Year Ended 30th June 2005

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Omaha Beach Residents Society Incorporated

Notes to the Financial Statements For the Year Ended 30th June 2005

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements presented here are for the entity Omaha Beach Residents Society Inc., an incorporated society registered under the provisions of the Incorporated Societies Act 1908. The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified.

a) **Goods & Services Tax**

The Statement of Financial Performance has been prepared so that all components are stated exclusive of GST. All items in the Statement of Financial Position are stated net of GST, with the exception of account receivables and payables.

b) **Income Tax**

For income tax purposes the Society has been treated as a non profit making entity as it deals only with its own members. Provision for Income Tax has been made on interest income received.

c) **Receivables**

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

2. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities. The Society has not granted any securities in respect of liabilities payable by any other party whatsoever.

3. NOTES

3.1 Sundry Debtors

Omaha Beach Limited Design Control Committee (DCC) Contribution.
Omaha Beach Limited undertook to reimburse the Society for initial design consultation expenditure as below:

Agreed Contribution		\$20,000.00
Less DCC expenses paid on behalf of the Society		<u>\$16,582.00</u>
Amount Still Owing		\$3,418.00
Plus National Bank interest accrued but not credited		<u>11,247.26</u>
		14,665.26

3.2 National Bank Investments

Money Market Call Account	5.0%	96,542.62
Term Deposit 1001	6.3%	516,904.62
Term Deposit 1004	7.04%	453,065.00
Term Deposit 1005	7.07%	1,133,525.88

3.3 Minter Ellison Rudd Watts Trust Account

Three (3) members requested that each of their performance bond contributions be retained in the Minter Ellison Rudd Watts trust account. The amount of each bond required to be paid to the Society and to be held in Trust on behalf of Design Control Committee is \$5,000. Refer to Note 3.4 for an explanation regarding Members bond contributions.

3.4 Members Bond Contributions Received

The sale and purchase agreement that each member entered into required a bond to be paid to the Society. The Bond is held within the Society on behalf of the Design Control Committee. The amount of that bond is in most instances is \$5,000. The bond is released to each member upon completion of the design compliance process. The cost of compliance as described in Note 3.5 is deducted from the bond and the residual amount is repaid to the member.

Total Members Bonds Received	2,272,903
Less Repaid	<u>90,873</u>
Outstanding	2,182,030

Members Bonds outstanding last year were \$1,511,871

3.5 Deductions from Bonds Held

External consultants are engaged by the Design Control Committee to ensure each application for building consent complies with the guidelines stipulated by the developers. These costs are able to be deducted from members bonds prior to those bonds being repaid to members. The unrecovered accumulated total of all costs relating to DCC compliance evaluation up to 30/6/05 was \$177,281.25 (Last Year \$126,638.43). This includes the payments included in Note 3.1

DCC compliance costs were to:

(Note costs are cumulative since inception for all years)

	This YTD	Last YTD
Boffa Miskell Ltd	10,887.46	6,813.54
Hulena Architects	18,864.99	12,269.95
Minter Ellison	6,073.60	6,073.60
Positive Planning Ltd / Peter Neeve	128,524.24	89,785.75
Initium	6,829.45	6,829.45
Lakeview Consultants Ltd	18,500.00	18,500.00
Inspection and Administration Fees	9,000.00	1,400.00
Other	<u>33,148.14</u>	<u>1,798.14</u>
	231,827.88	143,470.43
Less Recovered	<u>54,546.63</u>	<u>16,832.00</u>
Unrecovered Costs to Date	177,281.25	126,638.43

3.6 Provision For Tennis Court Replacement

Inflation Rate 2.5%

Asset Replacements

	Astrograss	Exterior Fencing	Structures	Net	Net Stands	Signage	Total
Expected Life - years	10	15	20	3	10	5	
Replacement Cost (Today \$)	\$70,000	\$10,000	\$5,000	\$500	\$2,000	\$2,000	\$89,500
Replacement Cost (Future Value)	\$89,858	\$14,544	\$8,239	\$539	\$2,567	\$2,266	\$118,014
Per annum provision for replacement	\$8,985.8	\$969.6	\$412.0	\$179.6	\$256.7	\$453.2	\$11,257

Assumptions used to calculate tennis court replacement are:

Omaha Beach Residents Society Incorporated

Statement of Financial Performance For the Year Ended 30th June 2005

Income	<u>Year 2005</u>	<u>Year 2004</u>
Members Levies Received	133,337.46	92,972.70
Finance Charges (member late paid levies)	2,327.87	
Interest Received	<u>112,731.76</u>	<u>34,088.96</u>
	248,397.09	127,061.66
Less Operating Expenses		
Advertising		716.00
Bank Charges	733.25	750.77
Audit Fees	1,510.11	1,200.00
Insurance Premiums	752.00	735.00
Legal Fees	7,253.91	3,339.42
Miscellaneous	515.27	
Electricity	752.94	457.44
Rates	356.14	
Repairs and Maintenance		822.22
Administration - Managers Expenses	<u>50,376.58</u>	<u>31,491.76</u>
Total	<u>62,250.20</u>	<u>39,512.61</u>
NET SURPLUS FROM ACTIVITIES	186,146.89	87,549.05
Less Provision for Tennis Court Replacement Note (3.6)	11,257.00	11,257.00
Less Provision for Taxation	<u>37,472.25</u>	<u>11,249.36</u>
	<u>48,729.25</u>	<u>22,506.36</u>
SURPLUS INCOME OVER EXPENDITURE AFTER TAXATION	<u>\$ 137,417.64</u>	<u>65,042.69</u>

Statement of Financial Position As At 30th June 2005

ASSETS		<u>Year 2005</u>	<u>Year 2004</u>
National Bank - Working Account		148,230.14	316,478.62
National Bank - Term Investments	Note (3.2)	2,200,038.08	1,263,132.54
Minter Ellison Rudd Watts Trust Account	Note (3.3)	15,000.00	15,000.00
Sundry Debtors	Note (3.1)	14,665.26	3,418.00
Members Levies Outstanding		10,049.03	19,552.73
Taxation Refund Due		<u>2,377.50</u>	<u>2,075.19</u>
TOTAL ASSETS		<u>2,390,360.01</u>	<u>1,619,657.08</u>
LIABILITIES			
Goods and Services Tax		- 1,500.79	7,359.20
Accounts Payable		37,764.53	15,392.54
Provision for Tennis Court Replacement	Note (3.6)	45,028.00	33,771.00
Members Bond contributions received	Note (3.4)	2,182,030.39	1,522,871.27
Less Accumulated DCC Costs re design approvals	Note (3.5)	<u>177,281.25</u>	<u>126,638.43</u>
		<u>2,004,749.14</u>	<u>1,396,232.84</u>
TOTAL LIABILITIES		<u>2,086,040.88</u>	<u>1,452,755.58</u>
NET ASSETS		<u>\$ 304,319.13</u>	<u>166,901.50</u>

Represented by

Opening Balance 1/7/04	166,901.50	106,646.34
Less Prior Period Adjustment		<u>- 4,787.53</u>
	166,901.50	101,858.81
Surplus of Income over Expenditure (refer above)	<u>137,417.64</u>	<u>65,042.69</u>
Closing Balance	<u>\$ 304,319.13</u>	<u>166,901.50</u>

Omaha Beach Residents Society Inc

26 October 2005

Middleton & Associates
Chartered Accountants
Wellsford & Warkworth.

This representation letter is provided in connection with your audit of the financial statements of the Club as at 30 June 2005 for the purpose of expressing an opinion as to whether, in accordance with the Incorporated Societies Act 1908, the financial statements give a true and fair view of the financial position and results of operations.

We confirm, to the best of our knowledge and belief, the following representations:

1. We acknowledge our responsibility for the preparation of the financial statements, including the appropriate disclosure of all information required by the Act.
2. There have been no irregularities involving management or employees that could have a material effect on the financial statements.
3. We have made available to you all books of account and supporting documentation and all minutes of meetings of members and committees.
4. The financial statements are free of material errors and omissions.
5. We have no plans or intentions that may materially affect the value or classification of assets and liabilities reflected in the financial statements.
6. We have recorded or disclosed all liabilities, both actual and contingent, and have disclosed any guarantees that we have given to all third parties.
7. No events have occurred and no facts have been discovered since 30 June 2005 that would make the statements materially inaccurate or misleading.

Treasurer/Secretary