

OMAHA BEACH RESIDENTS SOCIETY INCORPORATED.

FINANCIAL STATEMENTS

For the Year Ended 30th June 2006

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Omaha Beach Residents Society Incorporated

Notes to the Financial Statements For the Year Ended 30th June 2006

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>10,189.45</u> |
| | | 13,607.45 |

3.2 National Bank Investments

| | | |
|---------------------------|-------|--------------|
| Money Market Call Account | 3.00% | 6,648.66 |
| Term Deposit 1001 | 7.22% | 535,411.44 |
| Term Deposit 1004 | 7.36% | 473,381.42 |
| Term Deposit 1005 | 7.46% | 1,183,708.48 |

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 | 2,361,089 |
| Less Repaid | <u>274,773</u> |
| Outstanding | 2,086,316 |

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 30/6/06 was \$193,367.79 (Last Year \$177,281.25). 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 | 13,738.36 | 10,887.46 |
| Hulena Architects | 26,539.88 | 18,864.99 |
| Minter Ellison | 6,073.60 | 6,073.60 |
| Positive Planning Ltd / Peter Neeve | 178,166.23 | 128,524.24 |
| Initium | 6,829.45 | 6,829.45 |
| Lakeview Consultants Ltd | 18,500.00 | 18,500.00 |
| Inspection and Administration Fees | 59,700.00 | 9,000.00 |
| Other | <u>7,159.91</u> | <u>33,148.14</u> |
| | 316,707.43 | 143,470.43 |
| Less Recovered | <u>123,339.64</u> | <u>54,546.63</u> |
| Unrecovered Costs to Date | 193,367.79 | 177,281.25 |

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 |



Omaha Beach Residents Society Incorporated

Statement of Financial Performance For the Year Ended 30th June 2006

| Income | Year 2006 | Year 2005 |
|--|-----------|-----------|
| Members Levies Received | 118,972 | 133,337 |
| Finance Charges (member late paid levies) | 1,852 | 2,328 |
| Interest Received | 154,964 | 112,732 |
| | 275,788 | 248,397 |
| Less Operating Expenses | | |
| Advertising | | |
| Bank Charges | 412 | 733 |
| Audit Fees | 1,650 | 1,510 |
| Legal Fees | 10,694 | 7,254 |
| Legal and Consultants - District Plan | 21,114 | |
| Miscellaneous | 647 | 1,267 |
| Electricity | 586 | 753 |
| Rates | 717 | 356 |
| Maintenance - Facilities | 1,698 | |
| Membership OBC (2yrs) | 23,653 | |
| Administration - Managers Expenses | 63,804 | 50,377 |
| Total | 124,974 | 62,250 |
| NET SURPLUS FROM ACTIVITIES | 150,814 | 186,147 |
| Less Provision for Tennis Court Replacement Note (3.6) | 11,257 | 11,257 |
| Less Provision for Taxation | 48,810 | 37,472 |
| | 60,067 | 48,729 |
| SURPLUS INCOME OVER EXPENDITURE AFTER TAXATION | 90,746 | 137,418 |

Statement of Financial Position As At 30th June 2006

| ASSETS | Year 2006 | Year 2005 |
|---|-----------|-----------|
| National Bank - Working Account | 98,130 | 148,230 |
| National Bank - Term Investments Note (3.2) | 2,197,150 | 2,200,038 |
| Minter Ellison Rudd Watts Trust Account Note (3.3) | 15,000 | 15,000 |
| Sundry Debtors Note (3.1) | 13,607 | 14,665 |
| Members Levies Outstanding | 9,540 | 10,049 |
| Taxation Refund Due | 12,772 | 2,377 |
| TOTAL ASSETS | 2,346,199 | 2,390,360 |
| LIABILITIES | | |
| Goods and Services Tax | 2,870 | 1,501 |
| Accounts Payable | 14,215 | 37,765 |
| Provision for Tennis Court Replacement Note (3.6) | 56,285 | 45,028 |
| Members Bond contributions received Note (3.4) | 2,086,316 | 2,182,030 |
| Less Accumulated DCC Costs re design approvals Note (3.5) | 193,368 | 177,281 |
| | 1,892,948 | 2,004,749 |
| TOTAL LIABILITIES | 1,960,579 | 2,086,041 |
| NET ASSETS | 385,621 | 304,319 |

Represented by

| | | |
|--|---------|---------|
| Opening Balance 1/7/05 | 304,319 | 166,901 |
| Less Prior Period Adjustment - Managers Fee | 9,445 | |
| | 294,874 | 166,901 |
| Surplus of Income over Expenditure (refer above) | 90,746 | 137,418 |
| Closing Balance | 385,621 | 304,319 |



Audit Report

To the readers of the financial report of Omaha Beach Residents Society Incorporated.

We have audited the financial report. This financial report provides information about the past financial performance and the financial position as at 30th June 2006. This information is stated in accordance with the policies as set out.

Committee's Responsibilities:

The Trustees are responsible for the preparation of the financial report which gives a true and fair view of the financial position and of the results of the operations for the year ended 30th June 2006.

Auditors' Responsibilities:

It is our responsibility to express an independent opinion on the financial report presented by the Committee and report our opinion to you.

Basis of Opinion:

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial report. It also includes assessing:

- (a.) the significant estimates and judgements made by the Committee in the preparation of the financial report, and
- (b.) whether the accounting policies are appropriate to the Committee's circumstances consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial report is free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial report.

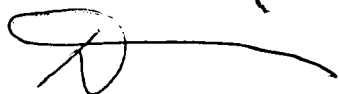
Other than in our capacity as auditor, we have no relationship with or interests in Omaha Beach Residents Society Incorporated.

Unqualified Opinion:

We have obtained all the information and explanations we have required.

In our opinion, the financial report fairly reflects the financial position and the results of its operations of the Society for the year ended 30th June 2006.

Our audit was completed on October 5, 2006, and our unqualified opinion is expressed as at that date.



Middleton & Associates
Chartered Accountants
Wellsford & Warkworth