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paraloan
(The New Zealand Paraplegic
& Physically Disabled Foundation)



38th ANNUAL REPORT

FOR

YEAR ENDED 30 JUNE 2011

paraloan

(N.Z. PARAPLEGIC & PHYSICALLY
DISABLED FOUNDATION)

ABOUT THE ORGANISATION

The Foundation is a Charitable Trust registered with the Charities Commission (registration number CC22276).

The Foundation was established in 1974 after it became apparent that one of the greatest needs of paraplegic and physically disabled persons was access to low-cost finance to help them become self sufficient and independent. The concept of self-help, rather than charity, was one of the strong points of the original appeal which set up the Foundation and still holds good today. Over the years the Foundation has proved its worth in providing low-cost loans totalling \$16.03 million (1062 loans).

After initial fundraising the fund has been built up over the years through bequests and donations, short-term investment and early repayment of loans.

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(N.Z. PARAPLEGIC & PHYSICALLY DISABLED FOUNDATION)

ANNUAL REPORT AND ACCOUNTS

FOR

YEAR ENDED 30 JUNE 2011

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(NZ Paraplegic & Physically Disabled Foundation)

TRUSTEES

2010/2011

Jim Weir (Chairman)	Retired Managing Director	Auckland
Christine Smith	Chief Executive Officer Marlborough PHO	Blenheim
Ross Hynds	Property Manager/Retired Bank Loans Officer	Mt. Maunganui
Brad Hayward	Building Projects Manager	Paraparaumu Beach
William Lean	Retired Self-Employed Gunsmith	Dunedin
Phil Humphreys	Retired Chief Petty Officer RNZN ---000---	Christchurch
Secretary /Treasurer	Terry Warren Christchurch	
Postal Address	P.O. Box 32074 Christchurch 8147	
Registered Office	Room 7 Aspire Canterbury 314 Worcester Street Christchurch 8011 Telephone: (03)3795-983 Fax: (03)3795-939 Email: paraloan@xtra.co.nz Website: www.paraloan.org.nz	
Solicitors	Messrs. Hill, Lee & Scott Christchurch	
Bankers	Westpac Banking Corporation Christchurch	
Auditors	Beck & Associates Chartered Accountants and Audit Specialists Christchurch	

CHAIRMAN'S REPORT

For Year Ended 30th June 2011

Loans

The year ended 30th June, 2011, saw *paraloan* advancing \$914,034, to 25 recipients, (previous year, \$1,185,506 to 30 recipients). *New loans (first time & previous clients)* were \$237,146, to 7 recipients (previous year were \$603,269, to 12 recipients). This was just over 60% less (dollar-wise) of what was lent out in the previous year, in new loans.

The loans were down from last year by \$271,472 (amount) and 5 (number), with only re-constructed loans up from the previous year by \$94,800, with the same number of recipients.

Housing remains the largest category lent for, with 90.97% (\$831,497), compared to 81.27% (\$963,500), the previous year.

Repayments

Total repayments for the year ended 30th June, 2011, amounted to \$1,084,501 (previous year \$861,336).

Instalment payments were \$560,611, loans repaid or transferred to new loans (re-constructed loans), were \$523,890 (previous year \$496,394 and \$364,942 respectively).

In the year under review, the repayments were the largest (amount wise) in any year in the history of the Foundation. This was due mainly to the large amount of repaid loans and or transfers to new re-constructed loans.

Interest Received

Interest received on loans for year ended 30th June, 2011, was \$199,966 (previous year was \$219,442). Interest from other sources was \$3,626, (the previous year of \$4,490).

As a financial institution, our income is basically from interest. Interest income for the year again fell, this year by \$19,475 (or 9%), on the previous year (\$30,000 and 12%, from the year before). Interest rates are beyond our control but as our rationale is assistance to disabled people, we will continue to lend at less than market rates.

Bequests & Grants for year, itemised as follows, were:-

Jack Jeffs Charitable Trust	6,000.00
Grant from an anonymous Estate	4,000.00
Lady Joyce Fisher Charitable Trust	2,000.00
Rebecca M Chalmers Charitable Trust	1,193.13
B & C Hewett Charitable Trust	1,000.00
Estate Jim Falle	87,551.38
Estate Dennis G Deane	10,000.00
Estate Kathleen D Hames	3,600.00
Estate Winifred Harger	624.32
Estate Hilda Robcke	96.61
TOTAL	\$116,065.44

Bequests and Grants are a significant source of funding for *paraloan*. The continuing support of Trusts (ie, Jack Jeffs Charitable Trust, the B & C Hewett Charitable Trust, the Lady Joyce Fisher Charitable Trust and Rebecca M Chalmers Charitable Trust) and Estates is acknowledged. This year four substantial amounts were received, namely, from the Jim Falle Estate \$87,551.38, Dennis G Deane Estate \$10,000, an anonymous Estate \$4,000 and Kathleen D Hames Estate \$3,600.

Donations:- were received of \$308.01, from B H & S W Picot (\$200); Heathcote Trust (\$100) and an unrepresented loan overpayment refund cheque (\$8.01).

Expenses

Operating expenses increased over the previous year by nearly \$6,000 or 11%. Most of the increase was due to contractual payments required to support the new "Loan Manager" system installed in 2009, to better manage our loan portfolio.

An increase in Bad Debt write offs (\$57,403) was responsible for the increase in non-operating expenses.

Bad Debts

As anticipated in my report last year, we incurred a serious loss (\$59,695), during the year. The borrower was declared bankrupt and the security (a permanent caravan/home in a holiday park) proved to be hopelessly overvalued. We anticipate two more loss situations occurring during the current year and have consequently increased the provision for doubtful debts in this year's accounts to \$107,500. In many cases, we are lenders of last resort. Some of the loans we approve, do and will continue to, carry more than a commercially acceptable level of risk. Traditionally, we have an excellent record of minimal bad debts. Hopefully 2010/2011 will prove to be a solitary blemish on that record.

Our Clients

In the year under review, *paraloan* has advanced \$914,034, to 25 disabled applicants. The Trustees considered that (in each case) the loan advanced would make the world a better place to live in, for them. That is the real value of our *paraloan* enterprise.

Loan Book – Changing Profile

A clear trend is evident, in that loan amounts have steadily risen in dollar terms but the number of loans on the books continues to fall..

In the year 2000, there were 154 borrowers on our books. The average loan amount approved in the preceding five year period was just over \$15,000. By contrast, in 2011, the loan book has shrunk by 33% to 104 borrowers but the five year average loan amount has blown out to nearly \$35,000.

The increase in loan amounts clearly reflects continually rising housing costs (around 90% of our loan approvals are for house purchase, alterations, or improvements). I suspect that the lesser demand for smaller advances is due to physically disabled people increasingly seen by banks, finance companies and government departments, as “mainstream” and not as a “special” category, that is difficult or impossible to accommodate.

Regulation

During the year, the Financial Markets Authority (FMA) came into operation. As a public lender, *paraloan* was required to be and is now registered with the FMA.

Christchurch Earthquakes

As a majority of our clients reside in the Canterbury area, it was inevitable that a number of them were affected by the devastation (some seriously). The Trustees will look favourably at such loan applications, that are now beginning to come through.

Enterprise Value

For the first time the book value of *paraloan*, exceeds five million dollars (loan book plus working capital and fixed assets, excluding provision for doubtful debts), another milestone.

Paraloan continues to run a very lean operation (no debt, a single employee and minimal fixed assets).

Our success in continuing to “grow the pot”, from which we can assist our physically disabled community, is very much due to the continuing support in the form of grants and bequests from our donors. The Trustees will strive to continue to warrant that support.

Trustees

There were no changes to the Trustees in the year under review.

Acknowledgements

I thank all the Trustees for their diligence and input. I would also thank our Secretary, Terry Warren for his support and commitment through another successful year.

Jim Weir

Chairman

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(NEW ZEALAND PARAPLEGIC & PHYSICALLY DISABLED
FOUNDATION)

STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED 30TH JUNE 2011

	<u>2011</u>	<u>2010</u>
INCOME		
Interest - Current Accounts	282	228
- Short Term Deposits	3,343	4,262
- On Advances	<u>199,967</u>	<u>219,442</u>
 TOTAL INTEREST RECEIVED	 203,592	 223,932
<i>ADD</i>		
Bad Debts Recovered	2,693	1,320
Donations	308	200
Administration Fees Charged	<u>1,650</u>	<u>2,170</u>
 TOTAL INCOME	 \$208,243	 \$227,622
 LESS OPERATING EXPENDITURE		
A.C.C.Levy	195	208
Annual Meeting Expenses (includs Travel costs)	3,532	3,112
Audit Fee	3,105	2,981
Commission paid to H L & S	136	213
Computer Expenses	4,816	885
Debt Collection Costs	110	102
General Expenses	877	397
Legal Expenses	763	0
Office Rent & Power	1,886	1,803
Postage	447	385
Printing, Photocopying & Stationery	653	650
Publicity & Promotion Expenses	1,038	2,167
Repairs Office Equipment	50	60
Salaries	41,000	39,833
Telephone & Internet Expenses	<u>1,570</u>	<u>1,448</u>
TOTAL OPERATING EXPENDITURE	\$60,178	\$54,244
 OPERATING SURPLUS	 \$148,065	 \$173,378
<i>ADD</i>		
Grants, Legacies & Bequests received for year	116,065	68,848
<i>LESS</i>		
Bad Debts Written Off	59,695	2,292
Depreciation (Notes 2b & 5)	15,080	14,860
Increase in Provision for Doubtful Debts	<u>27,500</u>	<u>50,000</u>
TOTAL NON-OPERATING EXPENDITURE	\$102,275	\$67,152
 NET SURPLUS FOR YEAR TO ACCUMULATED FUNDS	 \$161,856	 \$175,074

This Statement is to be read in conjunction with the Notes to the Financial Statements and the Auditors Report

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(NEW ZEALAND PARAPLEGIC & PHYSICALLY DISABLED FOUNDATION)

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2011

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Westpac Bank	33,829	10,886
Hill Lee & Scott Trust Account	218,783	34,562
Accounts Receivable	583	0
Payments in Advance	61	0
TOTAL CURRENT ASSETS	<u>\$253,257</u>	<u>\$45,448</u>
<i>LESS</i>		
CURRENT LIABILITIES		
Accounts Payable	<u>2,539</u>	<u>16,210</u>
TOTAL CURRENT LIABILITIES	<u>\$2,539</u>	<u>\$16,210</u>
TOTAL WORKING CAPITAL	\$250,717	\$29,238
FIXED ASSETS		
As per Schedule (Notes 2b & 5)	<u>1,109</u>	<u>15,469</u>
TOTAL FIXED ASSETS	<u>\$1,109</u>	<u>\$15,469</u>
LOANS TO DISABLED PERSONS (Note 4)		
Balance as per Loan Ledger 30th June 2011	4,794,004	4,810,731
<i>PLUS</i>		
Release & Legal Fees to be Charged	0	1,756
Refunds Owing on Loans	954	234
<i>LESS</i>		
Provision for Doubtful Debts	<u>-107,500</u>	<u>-80,000</u>
TOTAL LOANS TO DISABLED PERSONS	<u>\$4,687,458</u>	<u>\$4,732,721</u>
TOTAL NET ASSETS	\$4,939,284	\$4,777,428
REPRESENTED BY:-		
ACCUMULATED FUNDS		
Balance as at 1/7/2010	4,777,428	4,602,354
<i>ADD</i>		
Net Surplus as at 30th June 2011	<u>161,856</u>	<u>175,074</u>
TOTAL ACCUMULATED FUNDS	<u>\$4,939,284</u>	<u>\$4,777,428</u>
TOTAL FUNDS	\$4,939,284	\$4,777,428

Signed:- J D Weir

T M Warren

(Chairperson)

(Secretary/Treasurer)

Dated:-21st October, 2011

This Statement is to be read in conjunction with the Notes to the Financial Statements and the Auditors Report

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(NEW ZEALAND PARAPLEGIC & PHYSICALLY DISABLED FOUNDATION)

CASHFLOW STATEMENT FOR YEAR ENDED 30TH JUNE 2011

CASHFLOW FROM OPERATING ACTIVITIES

	<u>2011</u>	<u>2010</u>
Cash was provided from:		
Interest on Advances	199,967	219,442
Donations & Grants	308	200
Legacies & Bequests	116,065	68,848
Bad Debts Recovered	2,693	1,320
Administration Fees Charged	1,650	2,170
Net Increase in Accounts Payable	0	13,507
Net Decrease in Accounts Receivable	0	0
Net Decrease in Hill Lee & Scott Trust Account	0	314,364
Net Decrease in Loans to Disabled Persons	<u>45,262</u>	<u>0</u>
	\$365,945	\$619,851
Cash was Disbursed to:		
Cash paid to expenses	60,178	54,244
Net Decrease in Accounts Payable	13,670	0
Net Increase in Accounts Receivable	583	0
Net Increase in Payments in Advance	61	0
Net Increase in Hill Lee & Scott Trust Account	184,221	0
Net Increase in Loans to Disabled Persons	0	494,727
Plus Bad Debts Written Off	59,695	2,292
Plus Increase in Doubtful Debts	<u>27,500</u>	<u>50,000</u>
	\$345,908	\$601,263
NET CASHFLOW FROM OPERATING ACTIVITIES	\$20,037	\$18,589

CASHFLOW FROM INVESTING ACTIVITIES

Cash was provided from:		
Interest - Short Term Deposits	3,343	4,262
- Current Account	<u>282</u>	<u>228</u>
	\$3,626	\$4,490
Cash was disbursed to:		
Purchase of Fixed Assets	<u>720</u>	<u>30,329</u>
	\$720	\$30,329
NET CASHFLOW FROM INVESTING ACTIVITIES	\$2,906	(\$25,839)

Net Decrease/Increase in Cash	22,943	-7,251
Add:- Opening Bank Balances	<u>10,886</u>	<u>18,137</u>
CLOSING BANK BALANCES AS BELOW	\$33,829	\$10,886

BANK ACCOUNTS

	<u>2011</u>	<u>2010</u>
Westpac 00 Account	1,924	2,163
Westpac 02 Account	<u>31,905</u>	<u>8,723</u>
TOTAL BANK ACCOUNTS	\$33,829	\$10,886

This Statement is to be read in conjunction with the Notes to the Financial Statements and the Auditors Report

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(NEW ZEALAND PARAPLEGIC & PHYSICALLY DISABLED FOUNDATION)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2011

NOTE 1 NATURE OF ACTIVITY

The Foundation was established in 1974 with the purpose of providing paraplegic and physically disabled persons with access to low-cost finance to help them become self sufficient and independent.

NOTE 2 STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The New Zealand Paraplegic & Physically Disabled Foundation is a Trust registered under the Charitable Trust Act 1957. The New Zealand Paraplegic & Physically Disabled Foundation is a reporting entity for the purposes of the Charitable Trusts Act 1957.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the Foundation.

Differential Reporting

The Foundation qualifies for differential reporting as it is not defined as being publicly accountable or large in size. All available differential reporting exemptions have been applied except that disclosure of financial instruments has been provided for.

Specific Accounting Policies

The following specific accounting policies that materially affect the measurement of the net surplus and the financial position have been applied:

(a) **Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation to 30 June, 2011.

(b) **Depreciation**

Fixed assets have been depreciated on the straight line basis as follows:

Dell Computer (original cost \$1,349.00) purchased, November, 2009, for 3 years.

Minolta Printer (082085-11) (original cost \$855.10) purchased, November, 2009, for 3 years (written off because of earthquake damage).

Minolta Printer (HU 10154-9013) (original cost \$720.16) purchased, March, 2011, for 3 years (in current use).

Computer Software (original cost \$28,125.00) purchased, October, 2009, for 2 years.

(c) **Goods & Services Tax**

The Foundation is not registered for Goods & Services Tax. Consequently, expenditure is disclosed inclusive of GST, where GST has been charged by suppliers. All assets and liabilities are shown inclusive of GST (where applicable).

(d) **Taxation**

The Foundation is a non-profit organisation and based on the current taxation laws applying, no income tax is payable for the year ended 30 June, 2011.

(e) **Registered Charity**

The Foundation is a registered charitable entity with the Charities Commission and therefore any donations made to it, have refund entitlement for donors, through the Inland Revenue Department.

(f) **Financial Instruments**

The Foundation recognises interest revenue on Loans to Disabled Persons on a monthly basis. The calculation of interest revenue is based on the current balance of each loan balance (including accrued interest to date).

The Foundation recognises funds invested in Westpac Banking Corporation and through Hill Lee and Scott (solicitors), in the Statement of Financial Position, at their fair value, being the balance of the funds invested, including interest accrued to date.

The Foundation recognises three classifications of loan assets:- non-accrual assets, restructured assets(with interest accrued) and other loan assets with interest accrued.

The Foundation recognises Loans to Disabled Persons in the Statement of Financial Position at the book value of the loan balances (including accrued interest to date), less any provision for doubtful loans, which the Trustees may approve.

Changes in Accounting Policy

There are no changes to Accounting Policies. All policies have been applied on basis consistent with those used in the previous year.

NOTE 3 Financial Instruments

The Foundation has the following financial assets and financial liabilities:

Cash

Cash deposited with Westpac Banking Corporation

Cash deposited through Hill Lee and Scott

Accounts Receivable

Loans to Disabled Persons

Accounts Payable

The fair value of these financial assets and liabilities is equivalent to the carrying amounts in the Statement of Financial Position.

Credit Risk

The Foundation invests funds in the Westpac Banking Corporation and Hill Lee & Scott, Barristers & Solicitors' Trust Account. The risk associated with these investments is considered to be low. The only financial instruments which potentially subject the Foundation to credit risk involves loans to disabled persons. These financial assets include both secured and unsecured loans. The collateral held for secured loans varies depending on the nature of the type of security which has been obtained, such as: registered first and second mortgage and unregistered personal property security.

The maximum amount of possible credit loss is limited to the carrying amount of the loans as stated in the Statement of Financial Position. The exposure to credit risk is limited, as there is no significant concentration of lending, as the largest individual loan balance is \$169,100, which represents 3.53% of total loans outstanding at 30 June, 2011 (2010 - \$163,845 – 3.41%).

Currency Risk

The Foundation has no exposure to currency risk, given that all financial instruments are transacted in New Zealand dollars only.

Interest Rate Risk

The Foundation is exposed to minimal interest rate risk as it does not borrow funds from third parties and therefore it does not need to monitor market interest rate movements. The Foundation has maintained the interest rate on Loans to Disabled Persons at a base flat rate of approximately 3.00% per annum, lower than the best three year fixed rate available through normal commercial lending institutions.

Management of Liquidity

The Foundation's cash assets are held on call, deposited in both a registered bank and through a Solicitor's Trust Account.

Loans to Disabled Persons amounts to 97.06% of total net assets (101%- 2010).

The Foundation's policy is to ensure that sufficient cash funds are held on deposit (at call) to meet the general administration expenses of the Foundation on a daily basis.

The Foundation's loans are based on loan approval criteria, authorised by the Trustees for advances, up to the limit set by the Trustees, at any point in time.

Concentration of Credit Exposure

The Foundation lends to members of the public throughout New Zealand, who have physical disabilities. It is considered that there is no concentration of credit exposure, as no individual loan balance exceeds 3.53% of total loans outstanding (3.41% - 2010)

Concentration of Funding

The Foundation's funding is from its Accumulated Funds.

NOTE 4 Loans Year Ended 30th June 2011

	2011	2010
Balance as at 1.07.10	4,810,731	4,267,688
Less previous years adjustments	-	-
	-----	-----
Opening Balance as per loan ledger	4,810,731	4,267,688
Add new advances given	914,033	1,185,506
Interest charged	199,967	219,442
	-----	-----
	5,924,731	5,672,636
Less Repayments made		
(less insurance, rates etc if any)	-1,071,032	-859,613
Bad Debts written off	- 59,695	-2,292
(includes dishonoured payments)	-----	-----
Balance as at 30th June 2011	\$4,794,004	\$4,810,731
	=====	=====

NOTE 4B **Categories of Loans to Disabled Persons**

Loans to Disabled Persons show the total of the balances owing as at 30 June 2011. To comply with the requirements of Financial Reporting Standard No 33, the following analysis of Loans is provided as at balance date.

As at 30 June 2011	Gross Amount	Provision for Losses	Net Amount
Non-accrual assets	\$ 107,019	\$107,019	\$Nil
Restructured assets	\$ 175,784	\$ 481	\$ 175,303
Real Estate on Enforced Security	\$Nil	\$Nil	\$Nil
Other assets on Enforced Security	\$Nil	\$Nil	\$Nil
Past Due Assets	\$ 100,000	\$Nil	\$ 100,000
Other Loan assets with Interest Accrued	\$4,411,201	\$Nil	\$4,411,201
	-----	-----	-----
Total Loans	\$4,794,004	\$107,500	\$4,686,504
	=====	=====	=====

As at 30 June 2010	Gross Amount	Provision for Losses	Net Amount
Non-accrual assets	\$ 222,546	\$ 64,000	\$ 158,546
Restructured assets	\$ 39,671	\$Nil	\$ 39,671
Real Estate on Enforced Security	\$Nil	\$Nil	\$Nil
Other assets on Enforced Security	\$Nil	\$Nil	\$Nil
Past Due Assets	\$Nil	\$Nil	\$Nil
Other Loan assets with Interest Accrued	\$4,548,514	\$ 16,000	\$4,532,514
	-----	-----	-----
Total Loans	\$4,810,731	\$80,000	\$4,730,731
	=====	=====	=====

Impaired Assets

Non-Accrual assets are those loans for which the Foundation will not be able to collect all amounts owing in accordance with the terms of the loan agreements.

Restructured Assets are those loans which are not non-accrual assets and are loans where the original terms have been changed due to difficulties in complying with original terms and the revised terms are not comparable and the yield on the loan is equal to, or greater than, the Foundation's average cost of funds, or that a loss is not otherwise expected to be incurred.

Real Estate on Enforced Security is land or buildings acquired through enforcement of security.

Other Assets in Enforced Security is any other asset acquired through enforcement of security.

Past due Assets are those loans (not being impaired assets) for which instalments have not been operated within 90 days prior to balance date in accordance with the terms of the loan agreements.

NOTE 4C Currency of Loans to Disabled Persons

	2011	2010
Due to be paid off within current year (less refunds due)	411,178	258,804
Non-current assets	4,375,959	4,536,029
Loans in Arrears as at 30/6/2011	6,867	15,898
Total Loans	4,794,004	4,810,731

Provision for Doubtful Debts

Once all avenues of debt collection have been exhausted, it is the Trustees' policy to recognise and write these debts off as bad debts. A provision for doubtful debts has been established to allow for those debts, not yet bad but which are subject to debt collection procedures implemented by the Trustees.

NOTE 5 Fixed Assets

Asset	Cost	B/Fwd	Additions	Depreciation /Write offs	Closing
	Prev. Yr		This Year	Total	Book Value
314 Worcester Street (Office)					
Office Equipment (See assets list Note 2b)	\$30,329	\$15,469	\$720	\$15,080	\$1,109

NOTE 6 Canterbury Earthquakes

Several borrowers' properties have been affected by the earthquakes, especially those in the eastern suburbs of Christchurch and also in Kaiapoi. Already several pay outs have been made to borrowers or direct to the Foundation, by EQC. It is anticipated that several other pay outs will eventuate in the future. One borrower to be paid out, has been approved for a further loan elsewhere.

NOTE 7 Capital Commitments & Contingencies

As at 30 June 2011, the Foundation had the following commitments:

1. Capital Commitments Nil (2010 Nil)
2. Contingent Liabilities Nil (2010 Nil)
3. Contingent Assets Nil (2010 Nil)

NOTE 8 Subsequent Events

There were no subsequent events which are likely to have a material impact on these financial statements.

Loans Approved as at 30 June, 2011 but not paid out

As at balance date, a loan of \$51,000, had been approved but had not been paid out.
(2010- \$278,199)

BECK & ASSOCIATES

Chartered Accountants and Audit Specialists

INDEPENDENT AUDITOR'S REPORT

To the Members of the New Zealand Paraplegic & Physically Disabled Foundation (Charitable trust)

Report on the Financial Statements

We have audited the financial statements of the New Zealand Paraplegic & Physically Disabled Foundation on pages 6 to 8 which comprise the statement of financial position as at 30 June 2011, statement of financial performance and cash flow statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information on pages 9 to 13 inclusive.

Trustees Responsibilities for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

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

An Audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

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OUR GOAL IS TO HELP YOU ACHIEVE YOUR GOALS

assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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.

Other than in our capacity as auditor, we have no relationship with, or interests in the New Zealand Paraplegic & Physically Disabled Foundation.

Opinion

In our opinion, the financial statements on pages 6 to 8 present fairly, in all material respects the financial position of New Zealand Paraplegic & Physically Disabled Foundation as at 30 June 2011, and its financial performance for the year ended on that date, in accordance with generally accepted accounting practice in New Zealand.

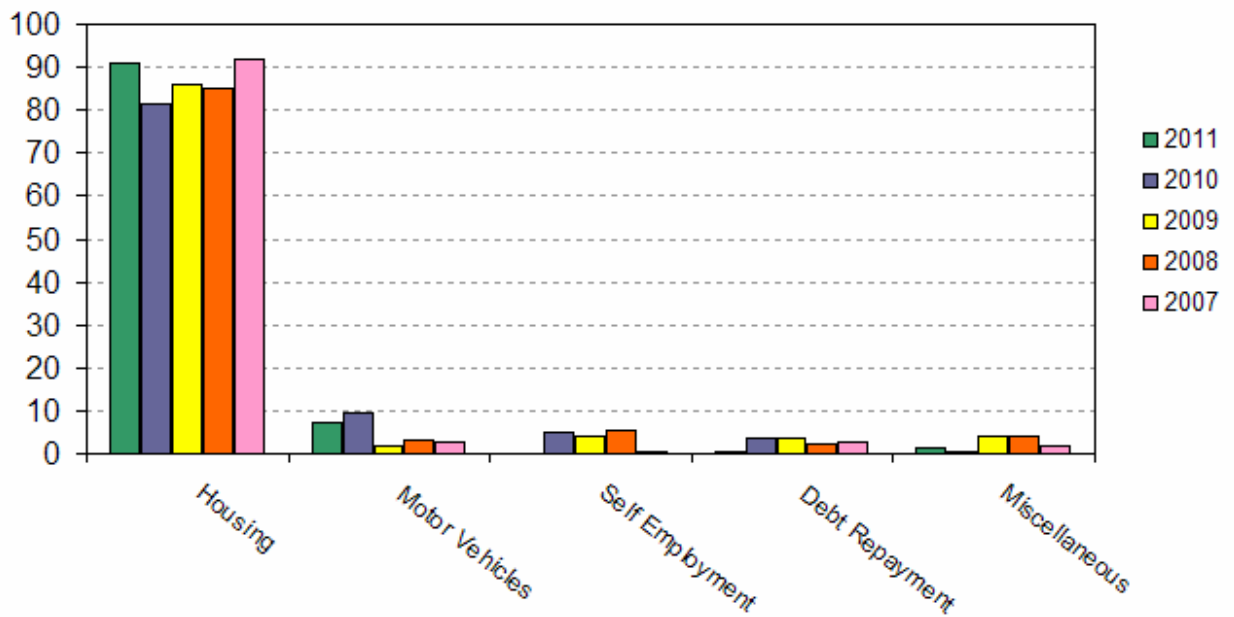
Date: 21st October 2011



Beck & Associates
Chartered Accountants
Christchurch

Analysis of New Loans Over the Past Five Years Into Categories

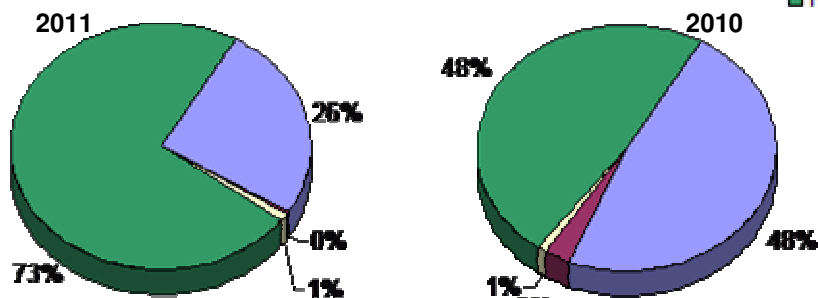
	2011	2010	2009	2008	2007
	%	%	%	%	%
Housing	90.97	81.27	86.17	85.00	91.86
Motor Vehicles	7.16	9.64	2.02	3.24	2.93
Self Employment	0.00	5.07	3.85	5.21	0.42
Debt Repayment	0.60	3.60	3.82	2.38	2.83
Miscellaneous	1.27	0.42	4.14	4.17	1.96
Total	100.00	100.00	100.00	100.00	100.00



Analysis of New Loan Business

	No	2011	No	2010
New loans - First time clients	6	\$233,287	8	\$571,069
New loans - Previous clients	1	\$3,859	4	\$32,200
Top-ups to present loans	11	\$8,807	11	\$8,956
Re-constructed loans	7	\$668,081	7	\$573,281
(old loans- re-constructed)		[\$321,292]		[\$364,942]
Total Loans for Year	25	\$914,034	30	\$1,185,506

- New loans - First time clients
- New loans - Previous clients
- Top-ups to present loans
- Re-constructed loans



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(THE NEW ZEALAND PARAPLEGIC & PHYSICALLY DISABLED FOUNDATION)

RECORD OF LOANS ADVANCED, INTEREST CHARGED & REPAYMENTS/W.OFFS

YEAR ENDING	LOAN NOS	AMOUNT ADVANCED	INTEREST CHARGED	REPAY & W/OFFS	BALANCE OWING	LOAN NOS IN LEDGER
DEC 1974	10	17,179	81	1,790	15,470	6
DEC 1975	19	106,000	2,917	38,939	85,448	25
DEC 1976	18	94,388	5,787	14,451	171,172	Unknown
DEC 1977	18	78,242	9,939	32,668	226,685	Unknown
DEC 1978	17	88,912	12,148	51,676	276,069	Unknown
DEC 1979	17	93,151	15,083	65,748	318,555	Unknown
DEC 1980	22	149,677	17,430	96,344	389,318	Unknown
JUNE 1981(6mths)	14	83,300	10,949	67,479	416,088	Unknown
JUNE 1982	12	98,000	21,720	106,774	429,034	Unknown
JUNE 1983	52	383,505	31,067	197,246	646,360	Unknown
JUNE 1984	41	310,860	40,001	192,674	804,547	Unknown
JUNE 1985	22	196,028	44,483	207,272	837,786	124
JUNE 1986	31	274,000	51,875	168,768	994,893	134
JUNE 1987	30	242,300	58,010	205,775	1,089,428	138
JUNE 1988	18	179,353	65,352	204,207	1,129,926	135
JUNE 1989	30	308,197	67,506	295,610	1,210,019	137
JUNE 1990	16	197,000	73,533	265,956	1,214,596	130
JUNE 1991	27	284,788	74,814	280,648	1,281,309	136
JUNE 1992	22	228,300	77,243	299,154	1,287,697	137
JUNE 1993	40	545,370	81,224	355,809	1,558,482	154
JUNE 1994	22	288,350	88,845	430,620	1,505,057	151
JUNE 1995	29	363,245	87,078	465,704	1,489,542	148
JUNE 1996	36	567,080	93,157	488,336	1,706,677	150
JUNE 1997	19	242,792	95,066	382,281	1,619,048	145
JUNE 1998	40	500,852	99,878	485,569	1,734,209	154
JUNE 1999	42	658,270	114,374	421,237	2,086,466	154
JUNE 2000	38	724,059	133,688	463,563	2,480,650	154
JUNE 2001	29	335,040	140,652	377,898	2,578,444	145
JUNE 2002	41	518,115	141,615	502,124	2,736,051	145
JUNE 2003	41	562,474	142,073	544,003	2,896,595	141
JUNE 2004	29	460,598	132,781	837,492	2,651,911	130
JUNE 2005	41	922,768	151,560	710,218	3,016,021	130
JUNE 2006	33	824,431	161,411	924,642	3,077,221	125
JUNE 2007	26	1,303,922	186,350	939,660	3,627,833	110
JUNE 2008	34	1,022,798	216,016	700,048	4,166,598	106
JUNE 2009	31	675,933	244,873	819,716	4,267,688	104
JUNE 2010	30	1,185,506	219,442	861,905	4,810,731	107
JUNE 2011	25	914,034	199,967	1,130,727	4,794,004	104
TOTALS	1062	16,028,816	3,409,987	14,634,731	4,794,004	104