



Annual Report 2012

Real Estate Institute of New Zealand Inc



REAL ESTATE
INSTITUTE OF
NEW ZEALAND

Contents

REINZ AGM 2012 Agenda	3
Chairman's Report	4
CEO Report	5
Financial Performance Summary	7
Professional Development & Integrity Fund	8
REINZ Board	10
Financial Statements	
Independent Auditor's Report	12
Institute Directory	13
Statement of Financial Position	14
Statement of Financial Performance	15
Statement of Movements in Equity	15
Notes to the Financial Statements	16-23
Supplementary Information	24-25
Life Member Nomination	26
Life Members of the Real Estate Institute of New Zealand	27

REINZ AGM 2012 Agenda

Notice is hereby given that the Annual General Meeting of members will be on **Tuesday 20 November 2012** at **4.30pm** at **Bunker Lounge, Miramar Links Golf Course, 1 Stewart Duff Drive, Miramar, Wellington.**

Order of Business

1. Apologies
2. Confirm minutes of the Annual General Meeting held at the Ellerslie Event Centre, Auckland on 22 November 2011
3. Receive and consider the annual accounts and auditor's report
4. Receive and consider the report of the Chairman of REINZ
5. Receive and consider the report of the CEO of REINZ
6. Declaration of re-appointment / election / re-election of Directors and / or Chairman
7. Notice of changes to the Codes during FY12
8. General business
9. Membership honours

If you have any items of General Business, please submit them in writing to info@reinz.co.nz by 13 November 2012.

At the conclusion of the meeting members are invited to join the REINZ Board for refreshments.

Please register your attendance online by logging in with your REINZ ID and password at www.reinz.co.nz and going to the Events page.

Directions to the venue are available on the registration page. You can also register or send apologies by emailing Kristen Bartlett, c/- info@reinz.co.nz.

Voting Rights

The rights to attend and vote at a general meeting of members are set out in the Rules of the Association Section 3.4b. Agency Members and Property Management Agencies have two votes each exercised by the named officer of the company; Associate, Fellow and Life Members have one vote each; Salespeople have one vote each. All other categories of members may attend member meetings and may address those meetings but may not vote.

Please Note: Salesperson members who wish to vote at the meeting need to register with the REINZ Office; please ensure that you do so by 13 November 2012, by phoning 0800 473 469.



Helen O'Sullivan
Chief Executive Officer

Chairman's Report

Resilience – our secret weapon



I had the pleasure of speaking to a number of member conferences this year, and found myself returning frequently to the theme of resilience. As a nation we have weathered some fairly intense storms in the guise of the global financial crisis and the subsequent economic downturn. We find ourselves in a position now where our forecast economic growth over the coming year is (on latest forecasts) around the 3% mark – not earth shattering, on its own, but it looks a lot better when compared with the situation facing a number of developed countries, and a far cry from the dire state in which a number of the significantly larger European economies find themselves.

There are risks, of course, not the least of which is the state of the economies of a number of our trading partners and of course the challenges created for exporters by our high dollar – but our outlook is far more positive than that of many countries. The same appears to apply to the real estate market.

Real estate licensee numbers decreased only slightly in 2011, and our regulator advises that applications for new licenses are at higher levels than they have seen during this regime. Members tell us that the quality of some of the staff they are attracting is exceptional, which bodes well for the future of our industry.

While sales figures are still well down from the heights of 2007, the figures are showing real improvement with 68,243 sold in the year to June 2012 – an increase of 12,200 on the 2011 total of 56,043, or a 22% increase.

The key I think for us as a nation and an industry can be summarised in a single word – resilience. We have, as a nation and a profession, had to survive a lot to still be here doing what we do. We've seen hard times, and learned to cut our coat to suit our cloth, to make it work on less. To quote that great New Zealander, Ernest Rutherford – "We didn't have a lot of money, so we had to think." We've had to think rather hard and rather a lot, and while it hasn't been easy it has given us new skills and that key virtue, resilience, when we turn to face the tasks ahead.

We turn to face this task ahead – continuing to build the REINZ of tomorrow – in rather good heart. While the road has its challenges, I believe the work we are doing with the support we receive from you as a profession is enabling us to provide you with a range of relevant services – advocacy, advice, products and services and member benefits. We are particularly buoyed by the 100% membership renewal result – as Helen notes in her report, it reminds us of the responsibility we have to you as members to live up to your trust in us, but it is also a very encouraging signal that you think we are on the right path.

As always, we have a host of people to thank for helping the Institute achieve what it has to date. Undoubtedly, our greatest asset is those people who share our commitment to achieving an industry-wide standard of excellence. The contribution of our Sector Groups and District Forum Leaders is particularly appreciated and particularly important to us. The Sector Groups we have in place currently (Residential Property Management, Business Brokers and Auctioneers) are working extremely well. We will look over the coming year to extend the work we do with

the existing groups into the area of specialist accreditation, and to add a Commercial & Industrial and a Rural Sector Group. With the increasing complexity of the real estate landscape, the importance of being able to develop competence in these specialist areas seems a very important feature of our future.

We also thank the board members who commit many, many hours to their roles both at the Board table and in their respective local areas. This year we saw the departure of Regional Director for Region 4, Paul Hedwig due to ill health, and welcomed Tony McPherson, who has been a pillar of strength for us in Christchurch. We are grateful for their service, and delighted by the calibre of the candidates who have put themselves forward for the Regional Director elections currently underway. As a profession you are well served by your industry representatives on the REINZ Board, and it is a pleasure to serve with them.

In addition to our Audit Committee (led by Dr Richard Janes) we have established two new committees at Board level to assist with our processes. We have a Documents Committee that works in conjunction with our Advisory Services Manager to facilitate creation of relevant and helpful documentation, including the forms on which we all rely. With the formal transfer of the Fidelity Fund to REINZ, we have also formed a Professional Development & Integrity Fund committee, chaired by Arthur Young, to ensure best practice management of that fund.

The Board was supportive of including confirmation of Public Indemnity Insurance and Independent Review of Trust accounts in the membership renewal forms for the 2012 period. While the latter ensures we meet our commitment to the public, we believe the former is a basic requirement for anyone practicing real estate in this increasingly litigious environment. Hence, we were very pleased to also support the formation of the RE-Liable insurance product in conjunction with Crombie Lockwood.

The Board and I would also like to extend our thanks to Helen and her team who, with the support of the Board and the membership, have brought about the transition to our new model.

It has been a pleasure to work with the REINZ Board, management and membership this year as we continue the important work of building the REINZ of tomorrow. While there are undoubtedly challenges ahead, as an organisation, a profession and a nation we have resilience on our side and we are up to the task. We look forward to working with you in another year of service to our great industry.

A handwritten signature in black ink that reads "Rosanne Meo". The signature is written in a cursive, flowing style.

Dame Rosanne Meo DNZM, OBE
Chairman
Real Estate Institute of New Zealand

CEO Report

REINZ completed the 2012 year with a 100% return to membership in June. This support from members not only shows us that we are providing meaningful products and services that help you in the course of your day's work in real estate, but it also reminds us of the weight of responsibility that this organisation has to the membership that we are here to serve. We thank you for your support and trust that we will continue to exceed your expectations.

Throughout the course of this year, REINZ has regained its stability as an organisation. This has given us space to focus on activities which, to use Team New Zealand's phrase, help make the boat go faster. We also think of it as paddling less and using the wind more! We have successfully negotiated a turbulent period and can now throw the full weight of our collective expertise into improving products and services for our members.

Key initiatives delivered over the period to 30 June 2012

Eforms Platform

REINZ continues to provide unlimited use of the REINZ eforms platform as a core benefit of membership, rather than as a user-pays model. We update the eforms platform with each change to the Sale & Purchase Agreement and related documents as well as updating useful clauses for insertion as they change. We continue to improve the API connectivity allowing industry software providers to link to the REINZ platform.

Advisory Service

REINZ continues to provide timely advice to members both collectively and individually with on-the-spot assistance to members. Member queries are turned into frequently asked questions, and weekly best practice updates and webinars. Through our Referral Network, we continue to handshake more complex individual questions to experienced legal practitioners when they arise. There is a growing library of advisory documents, useful clauses and industry tools, not limited to the following key documents produced this year:

Agency Agreements Information Sheet for Licensees

This information sheet provides guidance on how the Real Estate Agents Act 2008 (the Act) and the Real Estate Agents Act (Professional Conduct and Client Care) Rules 2009 (the Code) apply to agency agreements.

Client Consent for Licensee to acquire interest in Property

This consent form is required by Section 134 of the Real Estate Agents Act 2008 to be signed by clients to acknowledge that disclosure has been made with regard to any interest an agent may have in a property he or she is selling.

Disclosing Weather Tightness Issues

A reference diagram to assist in drafting your own in-house protocols, prepared by REINZ from the compilation of decisions issued from the Complaints Assessment Committees (CAC) and the Real Estate Agents Disciplinary Tribunal (READT) up to the date of its preparation.

Guarantee for Tenancy - Personal Guarantee and Indemnity

A form to be completed by the person(s) going guarantor for a potential tenant.

REINZ Assignment of Lease Zero Rated GST Clause

A clause to use in agreements to assign an existing lease to which the Compulsory Zero Rating regime may apply in respect of GST.

REINZ Residential Management Authority

An agreement of appointment between property owners and property managers.

REINZ Salesperson Agreement for Services Template - V3 & User's Guide

A template agreement for use in contracting salespeople to achieve compliance with the new Real Estate Agents Act 2008.

Unit Titles Act 2010 Information Sheet

Outlines disclosure requirements and what real estate agents, buyers and sellers need to do to ensure they comply with the Act and the consequences if they do not comply.

Useful Clauses Book: Agreement for Sales and Purchase

Useful clauses to be inserted into the Agreement for Sale & Purchase of Real Estate in unusual circumstances.

Useful Clauses Book: Agreement for Sales and Purchase of a Business

Useful clauses to be inserted into the Agreement for Sale & Purchase of a Business in unusual circumstances.

How to deal with REAA complaints

Best Practice Tips for dealing with complaints lodged with the REAA against you explaining the hearing processes at the Complaints Assessment Committee and the Real Estate Agents Disciplinary Tribunal.

A Best Practice Guide on Multiple Offers

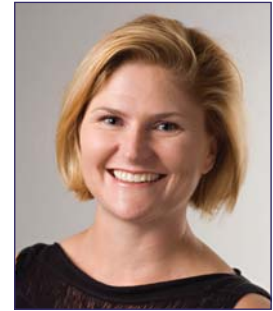
Assistance in establishing a process that will ensure multiple offers are handled fairly.

Best Practice Guide - Tender

A revision of the old Code of Conduct - Tender.

Collaborations with other providers

REINZ has collaborated with other stakeholders such as the REAA, Auckland District Law Society and New Zealand Law Society to promote the best interests of our members and to provide best practice documentation and guidance with which to work. We have worked closely with the new ITO, the newly-named, The Skills Organisation, to establish various courses relevant to working professionals. We work with the Australian real estate institutes to provide an entertaining and competitive international auctioneering championship.



CEO Report continued

And we work with Real Estate software company, Rockend, toward addressing the imbalance of owner-management rental properties in New Zealand

Advocacy

REINZ has made submissions on a range of legislative proposals impacting on members including the omnibus consumer legislation changes, changes to the GST Act, changes to the Financial Markets Act that affect real estate practice, and providing members with easy to digest explanations of these. In doing this, we collaborate with a range of other stakeholders including the REAA, ADLS, and NZLS.

Accommodation availability in Christchurch - March 2012

With thanks to member responses to a survey on accommodation availability in Christchurch, REINZ was able to report to the Ministry on the shortage of short-term accommodation in that city.

Requirements of Licensees in respect of Titles - April 2012

There was concern over a Tribunal decision containing comments in respect of licensee's obligations relating to titles. REINZ issued guidance on this topic and continues to work on a range of initiatives to obtain clarity on the intent of the comments made in the decision and the possible implications for licensees. As one of the consequences of our discussions, the New Zealand Law Society lodged a submission with the REAA as part of the review process for the Real Estate Agents Act (Professional Conduct and Client Care) Rules 2009. In its submission, the Law Society made recommendations to clarify uncertainty arising from the decision. REINZ's full support of this recommendation was also lodged with the REAA.

Consumer Law Reform Bill 2011 - April 2012

REINZ consulted with the Auctioneers and Business Brokers Sector Groups to write a submission on the Consumer Law Reform Bill 2011 as there were certain parts of the submission that dealt specifically with those interest groups.

Financial Markets Authority - May 2012

The FMA was reviewing a number of expiring class exemption notices under the Securities Act. These notices provided relief from standard requirements under the Securities Act in relation to offers of investments in securities by providing less stringent requirements instead. REINZ submitted on changes to the Securities Act (Real Property Proportionate Ownership Schemes) Exemption Notice 2002 as this type of ownership is relatively common with commercial properties and will attempt to allow more flexible advertising for expressions of interest.

Additional submissions

Since the end of this period, REINZ has also submitted on the Taxation (Annual Rates, Returns Filing, and Remedial Matters) Bill in August 2012 in response to the announcement by Government that it wishes to enact changes to the GST Act so that fees charged for the late payment of an account (late fees) will be subject to GST. Additionally, we have prepared two separate Code of Conduct Review Submissions to the REAA.

Events

This year began with a tour of the regions by me which was very well attended as I sought to outline the challenges facing the industry and the guidance REINZ would provide in helping to negotiate these "reefs and shoals." Aside from that, it was business as usual in this period for the REINZ event team bringing us the National Residential Property Managers Conference & Awards, the Auctioneers Championships and collaborating on the Australasian Auctioneering Championships where we enjoyed yet another win from local, Mark Sumich. The team continued to provide regular seminars and webinars.

Continuing Education

REINZ has liaised with the REAA around the topic, relevancy and roll out of the Compulsory Continuing Education requirement launched in 2012 and has become a trusted, collaborative provider of real estate education. REINZ created a platform for logging continuing education hours industry-wide and reporting summaries back to corporate entities and the REAA. REINZ has used top industry educators to translate REAA provided material into a verifiable training programme. We have employed an education co-ordinator and provide a range of non-verifiable webinars and seminars to help raise the excellence of the industry while also informing on legislative change. Over the coming year we intend to include more material for our specialist sectors, as well as a wider range of non-verifiable topics.

Member Benefits

Re-Liable Insurance

REINZ launched a collaborative product, RE-Liable Insurance, with provider Crombie Lockwood, underwritten by Vero Insurance to provide members with bespoke insurance protection suitable to their professional real estate needs. This package includes Professional Indemnity, Public Liability, Statutory Liability and Legal Defense insurance with the addition of unique CAC-related Advisory providing automatic access to legal advice and advocacy guidance to help members provide a quick, concise and complete response to any complaint.

RealEstateJobs.co.nz

Online jobs advertiser NetYourJob.co.nz joins with REINZ to bring members reduced advertising costs under the banner of NZRealEstateJobs.co.nz. This union also provides members the best possible coverage for employment advertising.

Improved Communication

REINZ continues to improve its internal communications through regular group and region-specific email newsletters; its bi-monthly industry magazine, "The Hub"; website content; and social media. Earlier this year we provided each member with a booklet covering our products and services, "Your Guide to REINZ 2012." Other communication channels include working more closely with the volunteers within the District

Forum leadership and Sector Groups as well as Regional Directors being involved with those Sector Groups.

The Sector Groups are now familiar with their roles, and we have seen how beneficial this role-specific guidance has been in helping with the Residential Property Managers Conference & Awards, the Auctioneer Championship, and more recently the Business Brokers Conference; also in developing useful forms and guidelines in conjunction with our Advisory Service.

We were able to gather together our District Forum Leaders this year for training and development, and look forward to developing this critical part of our network further in 2013. The institute fields numerous media queries each week, and has become a strong media presence as a commentator on the real estate market.

REINZ Statistics

The institute continues to bring members the most market relevant sales statistics including monthly residential and rural reports and an auction summary. Development is in progress and the launch is imminent of a new statistics platform to provide a more user-friendly interface; this will integrate with other sources of data to provide considerably more powerful statistics reporting in future. Anticipated launch date is end of 2012.

The Skills Organisation

Last year's Annual Report announced the transfer of REINZ owned RealITO into the hands of another ITO. The newly named The Skills Organisation (then the ETITO) was chosen as a financially sound establishment with the experience of dealing with multiple industries which was prepared to assume coverage for the real estate sector. The transfer took effect from in September 2011.

Another strength of the Skills Organisation was its Vocational Pathways programme, which has representatives in schools talking about alternative career options which will in future include real estate. The Skills Organisation's experience and depth in development of qualifications was also attractive and REINZ is committed to remaining involved in the maintenance and development of qualifications for our profession. Since last year, REINZ has worked with The Skills Organisation to develop the following:

- New Zealand Certificate in Residential Property Management (Level 3)
- New Zealand Certificate in Residential Property Management (Level 4)

Our commitment to education remains in the wake of the transfer and we look forward to continuing to ensure that educational opportunities are made available to our membership.

Financial Performance Summary

The financial implications of our transitional year last year were significant, with the Group reporting a significant loss. This year has been a better one financially as a number of the initiatives and cost cutting measures that were put in place

in the previous year have shown benefits to the bottom line.

The following table compares the financial performance of the core Institute, and the additional trading of subsidiaries, for the 2011 and 2012 financial periods. (Note – the 2011 financial period was 15 months as we moved the balance date from 31 March to 30 June).

	INSTITUTE 30 June 2012 \$	INSTITUTE 30 June 2011 \$
CORE INSTITUTE PERFORMANCE		
Operating Revenue	3,205,451	3,382,807
Interest revenue	109,166	16,422
Net income Professional Development & Integrity Fund	2,855	0
Total revenue	3,317,472	3,399,229
Trading Surplus (Deficit) before income tax	329,306	-1,582,965
ITO performance and write back of over accrual for costs	256,936	-473,547
Group Operating Surplus / (Deficit)	586,242	-2,056,512
Share of equity in realestate.co.nz	35,805	-
Adjustments to loans / investments in realestate.co.nz	327,556	-327,556
Net surplus / (Deficit) for the year	949,603	-2,384,068

The core Institute performance improved from a loss of \$1,582K in the 2011 financial period to a trading surplus of \$329K in the 2012 financial period. Given the need to fund capital expenditure and provide a modest reserve for unexpected contingencies, we regard this as a breakeven result for the Institute. This result was an improvement on the budgeted position for the year, with that improvement achieved primarily on the back of continued improvements in cost efficiency.

As shown in the table, the operations that were previously under the control of the ITO resulted in a net loss to the group in the 2011 financial period of \$474K. After the completion of the closedown, including negotiating settlements to a number of potential legal actions, we have been able to reverse some of the creditor provisions resulting in a non-recurring, non cash gain of \$257K in this financial period.

The improvement in trading conditions at Realestate.co.nz Ltd has resulted in a small equity accounting profit of \$35K in the current financial year. It has also allowed the write back of the investment and loan to this entity as also shown in the table. These were non cash entries last year and their reversal also has no impact on cash available to the Institute.

Whilst the result is pleasing as the losses of the previous period could not be repeated, we have continued to invest heavily in continuing to develop the eforms platform and the statistics

CEO Report continued

platform, as well as the continuing education log introduced this year. The New Year will see continuing investments in this area as we move to standardise hardware platforms internally and work with members on interfacing directly to their own internal systems.

Again the new financial year's budgets reflect a slightly better than breakeven position, while still allowing for continued investment in the infrastructure with which we serve members, as well as providing for modest reserves. While membership levies remain a core part of our current revenue, we continue to work on diversifying our income sources, with good prospects under development currently. This is a core focus as we continue to develop our services and support to members whilst also continuing to improve the public's perception that our members truly are a profession.

Professional Development & Integrity Fund

Official confirmation of the transfer of the Real Estate Agents Fidelity Fund was received in the form of an Order In Council dated 12th March 2012. The funds are now held by REINZ as the Professional Development & Integrity Fund (PDIF). The fund is accounted for separately from the general funds of the Institute albeit not as a separate entity such as a trust.

Purpose of the Fund

The purpose of the Professional Development & Integrity Fund is to support initiatives for the benefit of or services provided to REINZ members that contribute to increasing and maintaining the professional standards of REINZ and the industry or to protecting the integrity of REINZ.

Management Committee

Decisions on initiatives to be supported by the fund are made by a Management Committee consisting of:

1. Arthur Young (and in the event that Arthur Young is not available for appointment, or becomes unavailable at some point in the future, the REINZ Board should make an appointment to the role on the recommendation of the Chairman & Audit Committee Chairman);
2. The Chairman of REINZ;
3. A representative from the Audit Committee of REINZ, with David Rankin nominated as the original incumbent; and
4. One of the industry Directors, with Philip Searle nominated as the original incumbent.

Financial Objectives

- The net after-tax income generated by the funds will be available each year for spending or reinvesting as determined by the Management Committee.
- If the Management Committee and Board wish to spend more than 25% of the capital of the funds in any one financial year that decision shall be ratified by member vote. A priority is to protect the absolute value of the capital sum. While some capital fluctuation is acceptable, the corpus of the capital cannot be threatened.

- The income requirement calls for a high ongoing level of income from the Investment Portfolio and other income sources. The Investment Portfolio will therefore seek a high, stable income stream. Depending on the income available from other sources each year the income from the Investment Portfolio may be available for reinvestment.
- With the capital sum involved, and the fact that it is expected that a proportion of income could be reinvested, there is no pressing need to expose the portfolio to excessive risk. A relatively conservative approach can be taken without undermining the goal to grow the portfolio by at least the rate of inflation.
- Investment risk will be mitigated by diversification across markets, currencies, asset classes, investment managers and individual securities.
- The Investment Fund assets are managed with the Fund Committee's adopted asset allocation strategy as developed by the Board.

Guiding Principles for Expenditure

1. Preference will be given for projects that support the Industry and more importantly members of REINZ.
2. Projects must at least contribute to the Professional Standards of the Industry.
3. National projects will be considered before local branch projects.
4. Projects must demonstrate that they are primarily for the benefit of members, their reputation and standing in the community and/or their general level of education, skill and education.
5. Funds cannot be used to fund internal costs such as wages, however, if costs are incurred for specific projects these costs will fall within the ambit of the Fund.
6. Proposals for spend by the PDIF may be initiated by:
 - The REINZ Board
 - The Committee
 - REINZ Management
 - Members by way of suggestion through the Sector Group and DFL Network
 - Members by way of suggestions being requested from general membership

Applications for Grants and Spending from the Fund

Proposals must be made in writing to the REINZ Board in the first instance. Proposals must be on a standalone project basis. Those considered relevant will be forwarded to the Management Committee. Details of the project must include:

1. Project Name
2. Manner of supporting the Objective of the Fund
3. Persons making the application
4. Persons benefiting from the Application

CEO Report continued

5. General overview of the Project
6. Time Frame
7. Budget
8. Any expert reports as required.

The Committee will then be able to consider applications made and may well call upon the proposer to speak to the Committee or provide further information as the Committee further decides.

All spending will be attributed back to a specific approved project.

Financial Performance to date

Point 18 of Notes to the Financial Statement shows the performance of the Fund to the end of this financial period, 30 June 2012.

Ownership of the fund was only taken on 1 June 2012. The results therefore only reflect one month activity for the Fund. See page 24 for an investment portfolio breakdown. The opening balance of the fund was \$1,963K, with the closing balance a month later at \$1,966K.

The performance of the fund since that date has been pleasing, with the balance at 30 September 2012 having reached \$2,026K. This represents an unrealised gain of \$59,831 in the first three months of this year.

Management of the fund has been the responsibility of BNZ Private Wealth. After assessing presentations by Craigs Investment Partners and BNZ Private Wealth, the Management Committee resolved in September to move management of the fund to Craigs Investment Partners. This is currently being implemented.

Under the Fidelity Fund structure, the fund needed to retain a high level of liquid assets with which to meet claims and costs if required, and accordingly the portfolio was relatively heavily weighted to cash assets. Interest rates on cash balances have represented relatively poor returns, and with the movement to a new manager this is being addressed.

In summary

In 2011 we had to decide what REINZ stood for in a world where we no longer needed to take the role of legislator and policeman. We have spoken of our objective of being the "Chart and Compass" to the quality providers of the real estate profession. We want to be able to say proudly of REINZ members that "Our Standard is Excellence." This work is not yet done, but we do believe it is well begun. We are proud of what we have managed to deliver to our members this year as we continue our task of building the REINZ of tomorrow. It is the collective dedication of the REINZ team, the REINZ Board and our numerous volunteers that has made this possible, and we must once again say "thank you" to our members, our volunteers, the Board, the team and everyone involved in REINZ - you make everything that we do possible.



Helen O'Sullivan
Chief Executive Officer
Real Estate Institute of New Zealand

REINZ Board



From left: Liz Nidd, Bryan Thomson, Helen O'Sullivan (Chief Executive Officer), Richard Janes, Philip Searle, Dame Rosanne Meo (Chairman), Euon Murrell, David Rankin, Jean Smith, Tony McPherson

The REINZ board of nine members is comprised of:

- Two Independents, one of who must be the Chair.
- Two Industry Representatives; and
- Five Regional Directors;

The current 2010-2012 board is made up of the following:

Dame Rosanne Meo, (Chairman) Independent

Auckland-based Dame Rosanne Meo has worked as a company director for almost 20 years being amongst the first professional women directors in New Zealand. Her directorships have principally been in New Zealand but also in Australia, and cover both public and private companies, SOEs as well as extensive work in the voluntary sector, particularly in the arts and community support. She is currently Chair of Briscoes Group, the Auckland Philharmonia and AMP NZ Services Ltd; a director of Overland Footwear; and a trustee of the Kelliher Trust and South Auckland Health Foundation. In the December 2011 honours, Dame Rosanne was made a Dame Companion of The New Zealand Order of Merit (DNZM).

Dr Richard Janes, Independent

Richard Janes is an experienced professional company director with appointments in the both the private and public sectors. His current appointments include directorships of Centre Port Limited, Gallagher Group Limited, Industrial Research Limited and Telarc SAI Limited and he is Deputy Chairman of the Lotteries Commission and Chair of the Electricity and Gas Complaints Commission. He is a member of the Disciplinary Tribunal of the NZ Institute of Chartered Accountants and an Accredited Fellow of the Institute of Directors.

REINZ Board continued

Bryan Thomson, AREINZ, Industry Representative

Bryan Thomson has achieved an impressive track record during almost 20 years in the real estate industry working in positions throughout New Zealand ranging from sales consultant to senior management. An experienced director based in Auckland, Bryan was Chief Executive of Harcourts New Zealand for eight years before being appointed to the new role of Head of Real Estate Operations for Harcourts Australasia in April 2010. Bryan oversees the Auctioneer's Sector Group.

David Rankin, FREINZ, Industry Representative

Managing Director of Livingstone Realty Limited in Canterbury, David Rankin is also chair of the Real Estate Network Limited, a cooperative company comprising most of the residential real estate firms active in Christchurch. David is a director and chairman of other companies and is also a member of the Institute of Directors, Associate of the Institute of Valuers and a Registered Valuer in New Zealand.

Jean Smith, FREINZ, Regional Director, Northland, Auckland

Jean Smith commenced her real estate career in 1981 with Barfoot & Thompson and currently manages its Mt Albert Branch. Jean has enjoyed a long association with the Institute which includes her previous role as Auckland's District President and Councillor for Region 1 before taking up her role as Regional Director on the new board. Being actively involved in the day-to-day running of an office provides Jean with a clear picture of what practical services the Institute needs to provide and she is committed to ensuring those services are of great value and benefit to members at the coal face.

Philip Searle, FREINZ, Regional Director, Waikato / Bay of Plenty / Gisborne

Born and bred in Gisborne, Philip Searle has served on the Institute's Waikato/Bay of Plenty/Gisborne District Committee for close to a decade with three years as District President. In 2010, he was elected as Director of Region Two for the Institute and then re-elected in 2012. Philip has extensive experience gained from his involvement with the Institute and community organisations, running an agency and involvement in the horticultural industry. He believes this puts him in a good position to work with other Board members to ensure they achieve the objectives and purposes of the Institute. Philip oversees the Commercial & Industrial and the Business Brokers Sector Groups and serves on the Documents and Property Committees.

Euon Murrell, AREINZ, Regional Director, Hawkes Bay, Manawatu / Wanganui, Taranaki, Wellington

Euon Murrell has been involved in Real Estate for over 27 years in various roles - salesperson, sales manager, general manager, and company director. An Associate since 1999, Euon was a Wellington District President for eight years under the old regime. In 2009, he was elected as Regional 3 Councillor. He is a Director of Esplanade Realty Limited, trading as Tommy's Real Estate; a Justice of the Peace; third term Porirua City Councillor; past Deputy Mayor and Board Member of the Porirua Chamber Of Commerce. Euon remains strongly committed to the REINZ Board and its endeavours to ensure that it is very much member-focused delivering services, support and products to assist members in the day-to-day running of their businesses.

Tony McPherson, AREINZ, Regional Director, Nelson / Marlborough, Canterbury / Westland

A fourth generation Central Otagoite, Tony McPherson came to Real Estate with a background in farming and horticulture. He commenced his real estate career in 1989. During the next eight years Tony worked for Harding Real Estate as a salesperson, sales manager and branch manager with involvement in residential and commercial property development.

In 1997, an opportunity to purchase the Church Corner office was taken up by Tony and two other colleagues, licensed as A J McPherson and Associates Ltd; the company joined the Ray White brand early in 1998. In 2004, he expanded with the acquisition of a second business and during the next seven years the McPherson Group grew to eight offices through joint ventures. Post the Canterbury earthquakes, the teams merged into four offices - one property management and three sales.

Liz Nidd, AREINZ, Regional Director, Otago, Southland, Central Otago Lakes

Having completed her first two year term on the Board, Liz Nidd is looking forward to the challenges ahead in the knowledge that the membership has shown its support with the 100% re-sign this year - giving REINZ the mandate to continue working to develop further innovations to assist our members. Now into her 25th year in the industry, Liz still retains a passion for all things real estate. Her association with the Institute dates back to 1994 when she first joined the Otago District Committee. Since then, Liz has continued to hold positions on the District Committee being elected as Vice President from 2002 to 2005, and President 2005 to 2008. She was elected to the Institute's Council to represent Region 5 in 2009. Liz relishes the opportunity to continue to represent Region 5 and make sure the "Southern voice" is heard. Liz oversees the Residential Property Managers Sector Group.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REAL ESTATE INSTITUTE OF NEW ZEALAND INCORPORATED

We have audited the financial statements of Real Estate Institute of New Zealand Incorporated and group on pages 14 to 23 which comprise the group and separate statements of financial position as at 30 June 2012, and the group and separate statements of financial performance and statements of movements in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand).

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 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, Real Estate Institute of New Zealand Incorporated.

Opinion

In our opinion, the financial statements on pages 14 to 23 present fairly, in all material respects, the financial position of Real Estate Institute of New Zealand Incorporated and group as at 30 June 2012, and their financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

Other Matter

The financial statements of Real Estate Institute of New Zealand Incorporated for the year ended 30 June 2011 were audited by another auditor who expressed an unqualified opinion on those statements on 4 November 2011.

Hayes Knight Audit NZ

18 September 2012



Hayes Knight Audit NZ
Chartered Accountants

Level 1.1 Broadway
Newmarket
Auckland 1023
New Zealand

PO Box 9588
Newmarket
Auckland 1149

T +64 9 367 1656
F +64 9 307 0143
E audit@hayesknight.co.nz
W hayesknight.co.nz

Institute Directory

As at 30 June 2012

Date of Incorporation	17 February, 1927 (Incorporated under The Incorporated Societies Act, 1908)
Incorporation Certificate Number:	1927/3 (Currently Certificate 222891)
Directors	Dame Rosanne Meo (Chairman) Mr Paul Hedwig (Retired) Mr Richard Janes Mr Anthony McPherson Mr Euon Murrell Ms Elizabeth Nidd Mr David Rankin Mr Phillip Searle Ms Jean Smith Mr Bryan Thomson
Auditor	Hayes Knight Audit NZ (Ernst and Young Retired as at 30 June, 2011)
Bankers	Bank of New Zealand Newmarket, Auckland
Solicitors	Glaister Ennor Barristers and Solicitors AUCKLAND

Statement of Financial Position

as at 30 June 2012

	NOTE	GROUP 30 June 2012 \$	GROUP 30 June 2011 \$	INSTITUTE 30 June 2012 \$	INSTITUTE 30 June 2011 \$
CURRENT ASSETS					
Cash at Bank	8	1,780,775	1,020,735	1,453,854	612,843
Accounts Receivable		843,018	477,138	846,014	465,977
Receivables from Associate	5	132,710	248,817	132,710	248,817
Inventories		5,310	9,159	5,310	9,159
Tax Refund Due		28,955	13,848	18,726	7,404
Prepayments		73,299	41,163	73,299	41,163
Total Current Assets		\$2,864,067	1,810,860	\$2,529,913	1,385,363
NON CURRENT ASSETS					
Investments	6	743,272	354,099	718,966	355,099
Investments (PDIF)	15, 18	1,966,590	-	1,966,590	-
Property, plant and equipment	4	2,672,484	2,675,698	2,672,484	2,666,388
Total Non Current Assets		\$5,382,346	\$3,029,797	\$5,358,040	\$3,021,487
TOTAL ASSETS		\$8,246,413	\$4,840,657	\$7,887,953	\$4,406,850
CURRENT LIABILITIES					
Accounts Payable and Other Liabilities		725,746	1,174,605	493,144	588,237
Goods and Services Tax		204,971	55,605	201,010	53,990
Membership Subscriptions Received in Advance		1,469,762	659,600	1,469,762	659,600
Provision for Holiday Pay		65,068	83,319	65,068	66,651
Total Liabilities		2,465,547	1,973,129	\$2,228,984	1,368,478
ACCUMULATED FUNDS		5,780,866	2,867,528	5,658,969	3,038,372
Total Funds and Liabilities		\$8,246,413	\$4,840,657	\$7,887,953	\$4,406,850

On behalf of the Board who authorised these financial statements on 18 September 2012.



Rosanne Meo
CHAIRMAN



Jean Smith
DIRECTOR

The notes on pages 16 to 23 form part of these financial statements.

Statement of Financial Performance

for the 12 months ended 30 June 2012

	NOTE	GROUP 30 June 2012 \$	GROUP 30 June 2011 15 Months \$	INSTITUTE 30 June 2012 \$	INSTITUTE 30 June 2011 15 Months \$
Operating Revenue		4,177,317	4,625,976	3,205,451	3,382,807
Interest Revenue		119,016	32,521	109,166	16,422
Net Income From PDIF	15,18	2,855	-	2,855	-
Total Revenue	2	4,299,188	4,658,497	3,317,472	3,399,229
Trading Surplus/(Deficit) before Income Tax	3	586,242	(2,056,512)	329,306	(1,582,965)
Plus Reversal / (Creation) of provision for Term loan to Realestate.co.nz Ltd		214,500	(214,500)	214,500	(214,500)
Related party receivable Realestate.co.nz Ltd		113,056	(113,056)	113,056	(113,056)
Operating Surplus		913,798	(2,384,068)	656,862	(1,910,521)
Plus Share of equity in Associates Realestate.co.nz Ltd		35,805	-	-	-
Surplus/(Deficit) before Income Tax		949,603	(2,384,068)	656,862	(1,910,521)
Income tax (credit) / expense	7	-	-	-	-
Net Surplus/(Deficit) for the year		\$949,603	(\$2,384,068)	\$656,862	(\$1,910,521)

Statement of Movements in Equity

for the 12 months ended 30 June 2012

	NOTE	GROUP 30 June 2012 \$	GROUP 30 June 2011 15 Months \$	INSTITUTE 30 June 2012 \$	INSTITUTE 30 June 2011 15 Months \$
Accumulated funds at the beginning of the year		\$2,867,528	5,251,596	\$3,038,372	4,948,893
Plus					
Capital Introduced from Fidelity Fund Cessation	15,18	1,963,735	-	1,963,735	-
		\$4,831,263	5,251,596	\$5,002,107	4,948,893
Net (Deficit)/Surplus after tax		949,603	(2,384,068)	656,862	(1,910,521)
Accumulated Funds at the end of the year		\$5,780,866	\$2,867,528	\$5,658,969	\$3,038,372

The notes on pages 16 to 23 form part of these financial statements.

Notes to the Financial Statements *for the 12 months ended 30 June 2012*

1. Statement of Accounting Policies

REPORTING ENTITY

The Real Estate Institute of New Zealand Incorporated is an incorporated society registered under the Incorporated Societies Act 1908. The Real Estate Institute of New Zealand Incorporated and its wholly owned subsidiaries, REINZ Members Services Limited, RealENZ Limited and Parnell Education Services Limited (formerly REINZ Industry Training Organisation Limited), comprise the Real Estate Institute of New Zealand Group.

REINZ Member Services Limited has a 50% share in the equity of Realestate.co.nz Limited (and in 2011 Real Estate Insurance Services Limited). Realestate.co.nz Limited has a 45% share in Zoodle Limited. Zoodle Ltd is not considered to be part of the Group.

These financial statements are a general purpose report which have been prepared in accordance with generally accepted accounting practice.

MEASUREMENT BASE

The accounting policies recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed. The measurement base is the New Zealand Dollar.

DIFFERENTIAL REPORTING

The Institute and Group qualify for differential reporting as they are not publicly accountable and not large. The Group and the Institute has taken advantage of all differential reporting exemptions.

GOING CONCERN

The Board has a reasonable expectation that the Institute has adequate resources to continue operations for the foreseeable future and as such is a going concern. The Institute is currently running its operations and cost structures in order to ensure that future cash operations are cash positive. For this reason the Board continues to adopt the going concern assumption in preparing the financial report for the accounting period ended 30 June 2012.

SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:

COMPARATIVE FIGURES

As the Institute changed its balance date last year, comparative figures represent 15 months trading to 30 June, 2011. Current year figures represent 12 months trading from 1 July, 2011 to 30 June, 2012.

Consolidation:

- Subsidiaries are entities in which the Institute has the capacity to determine the financing and operating policies and from which it has an entitlement to significant ownership benefits. Subsidiaries have balance dates as at 31 March, 2012.
- The consolidated financial statements include the Institute and its subsidiaries, which are accounted for using the Purchase method. The effects of all significant inter-company transactions between entities that have been consolidated are eliminated on consolidation in the Institute's financial statements. Investments in subsidiaries are recognised at cost less provision for permanent impairment.
- The consolidated financial statements include the Institute, REINZ Member Services Limited (an investment company), RealENZ Limited (formerly a web-based marketing company, now non trading), and Parnell Education Services Limited (Formerly REINZ Industry Training Organisation Limited an industry training organisation now not trading.). All significant inter-company transactions are eliminated on consolidation. In the Institute's financial statements, the investment in REINZ Members Services Limited is recognised at cost, less provision for diminution in value.
- The investment in Realestate.co.nz Limited is accounted for using the equity method of accounting in the consolidated financial statements. Associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates. Realestate.co.nz Ltd has a balance date as at 31 March, 2012.

Revenue:

Membership fees are invoiced in advance and are recognised as a liability in the statement of financial position at the time the invoice is raised. Revenue is then recognised in the statement of financial performance over the period to which the membership fees relate.

Notes to the Financial Statements *for the 12 months ended 30 June 2012* (cont'd)

Accounts Receivable:

Accounts receivable are stated at estimated realisable value.

Inventory:

Inventory held for resale is stated at the lower of cost, using a first-in-first-out basis, or net realisable value.

Property, Plant and Equipment:

- All items of property, plant and equipment are initially recorded at cost, including costs directly attributable to bringing the asset to its working condition. When an item of property, plant and equipment is disposed of the difference between net disposal proceeds and the carrying amount is recognised as a gain, or loss, in the statement of financial performance.
- Land is recorded at cost. Other fixed assets are stated at cost less accumulated depreciation.
- Depreciation is written off against property, plant and equipment on a straight line basis over the estimated useful lives, assessed as follows:

Buildings	66 years
Leasehold alterations	10 years
Furniture and fittings	8 - 10 years
Computer hardware	3-5 years
Computer software	2 - 3 years

Investments:

Investments in shares, indexed funds and bonds are recorded in the financial statements at their realisable/market value as at balance date. Any change in the value of these investments held is credited to the income of the Institute.

Exchange Rates:

Certain investments are maintained in overseas exchange rates. The value of these investments and any income relating is converted at the average monthly exchange rate prevailing at the date of the transaction or converted to NZ Dollars as at balance date.

Taxation:

Income tax is recorded in accordance with the taxes payable method. Therefore, the income tax expense charged to the Statement of Financial Performance is the estimated liability for tax in relation to current period operations. Deferred tax is not accounted for.

Leases:

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating profit in equal instalments over the lease term.

Goods and Services Tax (GST):

The Statement of Financial Performance has been prepared on a GST exclusive basis. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST.

Employee Entitlements:

A liability for annual leave is accrued and recognised in the statement of financial position. The liability is equal to the present value of the estimated future cash outflows as a result of employee services provided at balance date.

Accounts Payable and Other Payables:

Accounts and other payables are carried at cost.

District Term Deposits:

District term deposits are subject to an insignificant risk of change and are held on a long term basis.

CHANGES IN ACCOUNTING POLICIES

There have been no significant changes in accounting policies.

All policies have been applied in a manner consistent with those used in previous years. Comparative figures represent 15 months trading. Certain comparatives have been changed to maintain consistency of comparison between annual results.

Notes to the Financial Statements *for the 12 months ended 30 June 2012* (cont'd)

2. Revenue

	GROUP 30 June 2012 \$	GROUP 30 June 2011 15 Months \$	INSTITUTE 30 June 2012 \$	INSTITUTE 30 June 2011 15 Months \$
Membership Fees	2,308,357	1,617,994	2,308,357	1,640,260
Services provided to Members	1,713,583	2,726,327	741,717	1,345,890
Interest Revenue (incl PDIF)	121,870	32,521	112,020	16,422
Other Revenue	155,378	281,655	155,378	396,655
Total Operating Revenue	\$4,299,188	4,658,497	\$3,317,472	3,399,227

3. Operating Surplus / (Deficit) before Taxation After charging / (crediting)

	GROUP 30 June 2012 \$	GROUP 30 June 2011 15 Months \$	INSTITUTE 30 June 2012 \$	INSTITUTE 30 June 2011 15 Months \$
Audit fees - Hayes Knight	22,000	-	19,000	-
Audit Fees - Ernst and Young	10,384	62,721	10,384	41,990
Other Fees paid to Hayes Knight	-	-	-	-
Other Fees paid to Ernst and Young	82,546	113,661	82,546	113,661
Depreciation:	123,038	187,421	122,073	126,424
Bad Debts/ (Recovered)	(9,028)	26,422	(9,028)	26,422
Directors Fees	259,666	270,000	259,666	270,000
Council Fees	-	89,684	-	89,684
Loss/(Gain) on disposal of assets	14,775	(101,282)	10,442	(377,635)

4. Property, Plant and Equipment

GROUP 2012	COST 2012 \$	ACCUMULATED DEPRECIATION 2012 \$	BOOK VALUE 2012 \$
Land	1,474,140	-	1,474,140
Buildings	1,637,830	(616,840)	1,020,990
Furniture fittings & alterations	331,713	(303,853)	27,860
Computer hardware	336,555	(328,577)	7,978
Computer software	540,058	(398,542)	141,516
Capital work in progress	-	-	-
	4,320,296	(1,647,812)	2,672,484

GROUP 2011	COST 2011 \$	ACCUMULATED DEPRECIATION 2011 \$	BOOK VALUE 2011 \$
Land	1,474,140	-	1,474,140
Buildings	1,637,830	(592,574)	1,045,256
Furniture and fittings	352,600	(308,739)	43,861
Computer hardware	348,380	(335,257)	13,123
Computer software	418,562	(319,244)	99,318
Capital work in progress	-	-	-
	4,231,512	(1,555,814)	2,675,698

Notes to the Financial Statements *for the 12 months ended 30 June 2012* (cont'd)

4. Property, Plant and Equipment (Cont)

INSTITUTE 2012	COST 2012 \$	ACCUMULATED DEPRECIATION 2012 \$	BOOK VALUE 2012 \$
Land	1,474,140	-	1,474,140
Buildings	1,637,830	(616,840)	1,020,990
Furniture and fittings	331,713	(303,853)	27,860
Computer hardware	336,555	(328,577)	7,978
Computer software	540,058	(398,542)	141,516
Capital work in progress	-	-	-
	4,320,296	(1,647,812)	2,672,484

INSTITUTE 2011	COST 2011 \$	ACCUMULATED DEPRECIATION 2011 \$	BOOK VALUE 2011 \$
Land	1,474,140	-	1,474,140
Buildings	1,637,830	(592,574)	1,045,256
Furniture and fittings	350,500	(308,604)	41,896
Computer hardware	330,040	(324,078)	5,962
Computer software	418,183	(319,049)	99,134
Capital work in progress	-	-	-
	4,210,693	(1,544,305)	2,666,388

5. Related Party Transactions

The Board receives fees in respect of attending Board Meetings and to attending to Institute affairs. These fees are paid during the year. P. Hedwig retired during the year as a result of illness and was replaced by T. McPherson.

The Board consists of R. Meo (Chairman), R. Janes, A. McPherson, E. Murrell, E. Nidd, D. Rankin, P. Searle, J. Smith and B. Thomson.

The Table below details payments made for Director's duties during the year. Additional fees are included for sitting and/or chairing various sub committees. These are included in the table below.

	INSTITUTE 2012	INSTITUTE 2011
Meo, Dame R. (Chairman)	\$55,000	\$70,000
Hedwig, P.	\$4,167	\$25,000
Janes, R.	\$26,333	\$25,000
McPherson, A.	\$21,667	-
Murrell, E.	\$25,000	\$25,000
Nidd, E.	\$25,833	\$25,000
Rankin, D.	\$25,833	\$25,000
Searle, P.	\$25,833	\$25,000
Smith, J.	\$25,000	\$25,000
Thomson, B.	\$25,000	\$25,000
TOTAL	\$259,666	\$270,000

A separate board is responsible for the activities of Parnell Education Services Limited (Formerly REINZ Industry Training Organisation Limited). As Chairman of this Board, Mr Rankin received \$NIL (2011 \$3,000) for his responsibilities as a sole Director. Mr Janes also receives a fee as being the Institute's representative director on the Board of Realestate.co.nz Limited.

Prior to the appointment of the Board the Institute was governed by a Council. Council payments for the period of this report totalled nil (2011 \$89,684). The allowances paid during the year to the Council, which included the presidential retainer were as follows:

Notes to the Financial Statements *for the 12 months ended 30 June 2012* (cont'd)

5. Related Party Transactions (Cont)

A separate board is responsible for the activities of Parnell Education Services Limited (Formerly REINZ Industry Training Organisation Limited). As Chairman of this Board, Mr Rankin received \$NIL (2011 \$3,000) for his responsibilities as a sole Director. Mr Janes also receives a fee as being the Institute's representative director on the Board of Realestate.co.nz Limited.

Prior to the appointment of the Board the Institute was governed by a Council. Council payments for the period of this report totalled nil (2011 \$89,684). The allowances paid during the year to the Council, which included the presidential retainer were as follows:

	INSTITUTE 2012	INSTITUTE 2011
Elford, M.	-	\$5,000
Falconer, N.	-	\$7,667
McDonald, P.	-	\$46,350
Murrell, E.	-	\$4,000
Neylon, P.	-	\$4,000
Nidd, E.	-	\$4,000
Pinkney, M.	-	\$7,667
Ross, J.	-	\$3,000
Smith, J.	-	\$4,000
Winter, M.	-	\$4,000
TOTAL	-	\$89,684

During the year the Institute charged Realestate.co.nz Limited \$10,000 (2011:\$10,000) for software license fees. The amount payable to the Institute is \$132,709 (2011: \$248,817). The institute is a shareholder of Realestate.co.nz Limited via an intermediary REINZ Member Services Limited which is a wholly owned subsidiary of the Institute.

The Institute previously charged the Real Estate Agents Fidelity Guarantee Fund an administration fee of \$NIL (2011: \$37,500).

During the year the Institute charged Parnell Education Services Ltd (Formerly REINZ Industry Training Organisation Limited) \$NIL (2011: \$62,500) for administration services rendered. The Institute made no payments during the year to the Parnell Education Services Limited as an industry contribution (2011 \$156,250).

All charges were made at commercial rates or to recover costs actually incurred.

Notes to the Financial Statements *for the 12 months ended 30 June 2012* (cont'd)

6. Investments

	GROUP 2012	GROUP 2011 \$	INSTITUTE 2012 \$	INSTITUTE 2011 \$
INVESTMENT IN SUBSIDIARY				
REINZ Member Services Limited 1,000 ordinary shares	-	-	1,000	1,000
OTHER INVESTMENTS AND LOANS				
REINZ Member Services Limited Add	-	-	10,500	-
Transactions with Realestate.co.nz Limited Advance to Realestate.co.nz Limited	327,556	-	327,556	-
Increase in Value of Equity	35,805	-	-	-
	363,361	-	339,056	1,000
District Term Deposits	379,911	354,099	379,910	354,099
TOTAL	\$743,272	\$354,099	\$718,966	\$355,099

RealENZ Limited and Parnell Education Services Limited (Formerly REINZ Industry Training Organisation Limited) are wholly owned subsidiaries of REINZ Member Services Limited. The value of investments and loans in related entities have been reviewed taking into account the net asset positions and business of those entities. Where appropriate, provision has been recognised to reflect any likely impairment. The Board has considered the net carrying value of investments and believes they are recoverable.

The Group has a 50% interest in Realestate.co.nz Limited, which is a web listing portal for residential property sales.

Realestate.co.nz Limited has a 45% interest in Zoodle Limited which is an on-line property information company. Both Realestate.co.nz Limited and Zoodle Limited have balance dates as at 31 March, 2012. After its balance date the investment in Zoodle Limited has been realised at a value greater than its carrying costs.

The various districts around the Country have bank deposits totalling \$379,911 (2011: \$354,099).

7. Taxation

	GROUP 2012	GROUP 2011 \$	INSTITUTE 2012 \$	INSTITUTE 2011 \$
Surplus/(Deficit) before tax	949,603	(2,384,069)	656,862	(1,696,023)
Taxation charge (28%) (2011 30%)	(265,888)	(715,221)	(183,921)	(508,807)
Tax losses not recognised/(utilised)	265,888	715,221	183,921	508,807
Tax Expense	-	-	-	-

There are estimated group tax losses of \$5,880,130 approx (2011: \$6,146,018) available to be carried forward at balance date. These are subject to statutory requirements continuing to be met and the Group earning sufficient assessable income.

Notes to the Financial Statements *for the 12 months ended 30 June 2012* (cont'd)

8. Cash at Bank

The cash at bank is in part restricted against a liability for unclaimed monies to the value of \$93,047 (2011: \$93,047).

9. Segment Information

The Institute provides professional services to members of the real estate industry. All operations are carried out within New Zealand.

10. Contingent Liabilities and Assets

There were no contingent liabilities at balance date (2011: \$Nil). Contingent assets have all been realised.

11. Capital Commitments

There were no capital commitments at balance date (2011: \$Nil).

12. Financial Instruments

Credit Risk

Financial instruments which potentially subject the group to credit risk principally consist of bank balances, accounts receivable, and term deposits. There are no significant concentrations of credit risk within the Group. No collateral is required as the Group transacts with reputable institutions.

Interest Rate Risk

The interest rate on both cash at bank and term deposit investments is variable in nature. None of the balances subject to interest rate risk are fixed in maturity.

Fair Value

The fair value of all financial instruments is reflected by the carrying value as recorded on the Statement of Financial Position.

Exchange Rate Risk

There is an exchange rate risk relating to the holding of investments in overseas currencies and indexed funds. It is not possible to calculate the level of this risk. These funds are held within the control of professional fund managers who are tasked with minimising this risk in calculating the return on investment funds.

13. Guarantees

The Institute has provided guarantees to third parties to a total value of \$50,000 (2011 \$50,000). This is for a payroll letter of credit issued by BNZ to secure staff salaries.

14. Operating Leases

The Institute has no ongoing commitments to any operating leases. (2011: \$Nil)

15. Real Estate Agents Fidelity Fund

The approval to the winding up of the Real Estate Agents Fidelity Fund was made by Order in Council dated 12 March, 2012 effective as at 1 April, 2012. Ownership was effectively received on 1 June, 2012.

The Assets of the Fidelity Fund have now been transferred to the ownership of the Real Estate Institute of New Zealand Incorporated. The Board has decided to maintain the fund in a separate form termed The Professional Development and Integrity Fund which is administered by a separate committee reporting directly to the Board and employing professional fund managers.

The financial results of the fund are reported in Note 18 in these financial statements.

16. Events Subsequent to Balance Date

Subsequent to balance date the shares owned in Zoodle Limited by Realestate.co.nz Limited were sold at a value in excess of their book value. There are no other known significant events subsequent to balance date.

17. Other Matters

REINZ Industry Training Organisation Limited changed its name to Parnell Education Services Limited on 20 September, 2011 and ceased trading in November, 2011 and remains as a non trading entity at year end.

Notes to the Financial Statements *for the 12 months ended 30 June 2012* (cont'd)

18. The Professional Development and Integrity Fund

	GROUP 2012	GROUP 2011	INSTITUTE 2012	INSTITUTE 2011
Funds received on the dissolution of the REINZ Fidelity Fund	\$1,963,735	-	\$1,963,735	-
Plus Dividends and Interest	\$6,374	-	\$6,374	-
	\$1,970,109	-	\$1,970,109	-
Less Reduction in Market Value of Investments	\$3,519	-	\$3,519	-
Net Value of the Fund	\$1,966,590	-	\$1,966,590	-

Note: Ownership of the fund was only taken on 1 June, 2012. The above results therefore only reflect one month's activity for the Fund.

The funds are maintained separately within the Institute.

Investments in the fund are as at 30 June, 2012 held in the following categories:

NZ Cash	36.0%
NZ Fixed Interest	23.0%
NZ Property	7.0%
NZ Equities	15.0%
International Equities	16.0%
Hedge Funds	3.0%
TOTAL	100.00%

Supplementary Information - Unaudited for the 12 months ended 30 June 2012

Statement of Financial Performance (Institute only)

	REVENUE 2012 12 MONTHS \$	EXPENSE 2012 12 MONTHS \$	REVENUE 2011 15 MONTHS \$	EXPENSE 2011 15 MONTHS \$
SERVICES TO MEMBERS				
Education, and Events	288,107	240,017	261,622	468,509
Publications	240,509	101,618	565,653	420,789
Journal	96,770	81,099	163,879	203,336
Statistics	56,003	59,118	210,168	48,386
Member Services	-	4,937	5,229	240,832
Special Interest Groups	69,356	70,659	139,339	84,520
	750,745	557,448	1,345,890	1,466,372
LICENSING & REGULATORY MATTERS				
Premises - Gillies Ave	-	-	12,003	24,775
	-	-	12,003	24,775
ADMINISTRATION				
Administration fees	-	-	125,000	-
Premises - 202 Parnell Rd	-	89,334	52,500	89,221
National AGM	-	-	-	56,482
General administration	-	2,341,383	-	2,736,372
Districts administration	-	-	-	565,813
Interest	-	-	16,422	-
Other	267,397	-	207,154	43,160
	267,397	2,430,717	401,076	3,491,048
External Relations	-	-	-	-
Subscriptions	2,299,329	-	1,640,260	-
	3,317,472	2,988,165	3,399,229	4,982,195
OPERATING SURPLUS/(DEFICIT)	329,307		(1,582,966)	
Provision for write up/(down) in Investment Value	327,555		(327,555)	
Operating Surplus/(Deficit) before tax	\$656,862		(\$1,910,521)	

Supplementary Information - Unaudited for the 12 months ended 30 June 2012

Administration & External Relations - Expenses

	INSTITUTE 2012 12 MONTHS \$	INSTITUTE 2011 15 MONTHS \$
Accident Compensation Levy	11,809	8,193
Accounting	62,372	113,661
Audit	3,510	41,990
Communications	13,060	12,360
Computer charges	198,914	301,783
Council fees and expenses	-	174,570
Credit Card Commission	16,803	-
Depreciation	122,073	126,424
Directors Fees	259,666	270,000
Board Meeting Costs (Incl Travel)	68,890	65,258
General Expenses	33,338	46,103
Insurance	29,214	32,570
Legal Expenses and Public Relations, Strategies, Promotional (including Forms Costs)	129,358	124,605
Loss/ (Gain) on disposal of assets	10,442	(377,635)
Postage	25,069	18,545
Printing and stationery	46,524	64,443
Repairs and Maintenance	13,061	-
Salaries, Staff Costs and Benefits	1,236,875	1,620,242
Telephones	39,157	65,576
Travel	21,248	27,684
	\$2,341,383	\$2,736,372

Note: Some comparatives have been altered where possible to maintain consistency of comparison between periods.

Life Member Nomination

Life Membership is the highest honour that REINZ is able to bestow on members, and is reserved for those few who have provided an outstanding and meritorious contribution to REINZ and to the real estate industry. In our nomination this year, we recognise Ross Foreman for his service to the industry.

The Rules of REINZ require that nominees for Life Membership are approved by a two thirds majority of the Board, and by two thirds of those present and voting at an Annual General Meeting (“AGM”). Your Board has unanimously approved the nomination of Ross Foreman and recommends his approval as Life Member to the Annual General Meeting.

Charles Ross Foreman



Ross Foreman has been a contributor to the New Zealand real estate scene since the early 1970s. He is widely recognised as one of New Zealand’s most successful and experienced real estate auctioneers, having sold well over three billion dollars worth of commercial, industrial and residential property under the hammer. In his “headiest days,” he conducted 102 auctions under the hammer in three cities in just one week. From all accounts no-one has beaten Ross’s record or that of the 15,000 or so auctions he has completed in his career.

It was while working as a Real Estate Agent for Belton’s Realty in the ‘80s that Ross was asked to become an auctioneer for the company. Ross was familiar with auctions from his farming background in New Plymouth though real estate auctioneering was a relatively new thing in those days.

The company flew Ross to Sydney and Melbourne where he spent considerable time diligently driving from auction to auction with Auctioneers, learning from them and recording auctions on his dictaphone. On his return, he helped Belton’s pioneer the multiple auction system of real estate in New Zealand.

Ross attributes his talent for auctioneering to his earlier career as a drummer in a “pretty good” band in New Plymouth. The band’s success drew many bookings which necessitated a versatility in style. He attributes this versatility to kick-starting his auctioneering career, and the rhythm of a drummer, contributing to the rhythm of auctioneering that makes for an entertaining and engaging call.

Ross has since displayed an enduring commitment to development of his craft willingly sharing his skills and time in training others and helping to raise the excellence of the profession as a whole. He was a key driver behind the establishment of the inaugural REINZ National Real Estate Auctioneers Championships in 1996, which he has been committed to driving and helping build each year. Only recently has he stepped down as Chief Judge while continuing to be available to assist.

The championships are an important part of giving agents an opportunity to hone their skills, and to learn from and test themselves against the best. The work of Ross and his wife, Jan, each year to create the bid sequences and challenging yet realistic competition has been an inspiration. The fruit of their work can be seen in the high caliber of real estate auctioneering in this country which continues to rise - in October we saw yet another win against our brothers across the ditch in the Australasian Auctioneer Championships - another competition to which Ross has contributed greatly.

As chairman of the Auctioneers Special Interest Group committee until 2011, Ross also played a large part in the development of the Code of Practice for Real Estate Auctions. Although no longer chairman, Ross is still actively involved in the newly named Auctioneers Sector Group committee.

Ross’s career included 10 years with Bayleys as Chief Auctioneer. These days, Ross enjoys a very full business life operating throughout New Zealand under the banner of Ross Foreman & Associates. He carries out industry consulting and coaching at management and sales level and continues to conduct several auctions every week.

“To survive in real estate,” says Ross, “you need to be able to deal with an emotion-charged industry where people constantly face highs and lows. I am no stranger to the ever-changing marketplace - I started out in this industry in 1972 and I still enjoy fronting up to the “coal face” every day. I believe a life without challenge would be a life half lived!”

Ross’s values are the driving force in his life. Over the years, he has given his time readily to Charity fundraising events beginning his charity work for Rosie Horton and the Starship Foundation in the ‘80s where he helped to raise over \$1 million for the foundation. As a member of the Newmarket Rotary Club, Ross has been awarded Rotary’s most esteemed honour, a Paul Harris Fellowship, not once but twice.

Many of us have come to know Ross through the generous sharing of skills and time he has contributed to the industry. He has trained many aspiring real estate auctioneers throughout New Zealand.

Ross is also an outstanding member of this community. Furthermore, he is a true gentleman and a pleasure to work with. We heartily recommend Ross for Life Membership of the Real Estate Institute and trust members will support this nomination.

Life Members of the Real Estate Institute of New Zealand

We acknowledge the contributions of the following existing life members

- 1971 *John Stanley Gillam*
- 1979 *Horace Yates Cassidy*
- 1985 *Mervyn Edward Neill*
- 1988 *William James Lindsay Simpson*
- 1991 *Trevor Ferguson Johnston*
- 1991 *Garth Barfoot*
- 1995 *Peter John Cook*
- 1998 *Clyth Iain MacLeod*
- 2001 *Brian James MacPherson*
- 2003 *Joan Frances Harnett Kindley*
- 2003 *Donald Kindley*
- 2003 *Max Robert Oliver*
- 2006 *Henry Rex Hadley*
- 2006 *Graham Keith Snell*
- 2007 *Roger Ian Stark*
- 2007 *Graeme Alexander Woodley*
- 2009 *Murray Stuart Cleland*
- 2009 *Paul Dudding*
- 2009 *Howard Louis Arthur Morley*
- 2011 *Peter McDonald*
- 2011 *Peter Thompson*
- 2011 *Mike Elford*
- 2011 *Stephen Collins*



202 Parnell Road • Parnell
PO Box 5663, Wellesley Street,
Auckland 1411,
New Zealand

Phone 09 356 1755
Fax 09 379 8471
Email info@reinz.co.nz
www.reinz.co.nz