



2014 Annual Report

Real Estate Institute of New Zealand Inc



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REINZ Annual General Meeting 2014

Notice of Meeting

Notice is hereby given that the Annual General Meeting of members will be held at 4pm on Tuesday 25 November 2014 at Christian Cullen Lounge, Addington Event Centre, 75 Jack Hinton Drive, Addington, Christchurch.

Order of Business

1. Apologies
2. Confirm minutes of the Annual General Meeting held at the Commerce Club, Remuera, Auckland on 22 October 2013
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 Chairman
7. Notice of changes to the Codes during FY14
8. General business - If you have any items of General Business, please submit them in writing to cchan@reinz.co.nz by 18 November 2014
9. Membership honours

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

Please register online by logging in with your member ID and password at www.reinz.co.nz and going to the Events page. You can also register or send apologies to Kristen Bartlett, c/- info@reinz.co.nz.

Members will be notified by email as soon as the 2014 Annual Report is ready to view from the REINZ website. The report should be available 14-21 days prior to the meeting.

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 (at AGMs, though they do not have the right vote in ballots). 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 18 November 2014, by phoning 0800 473 469.



Helen O'Sullivan
Chief Executive Officer



Chairman's Report

REINZ has been around since the early 20th century, but as the world in which we live and operate changes, we too must change in order to remain essential in the daily practice of members – now, in three years' time, in 10 years' time and indeed into the next century. With this in mind, the year ended June 2014 has been one of both continuing to develop the base on which we stand, but also one of building on opportunities.

Politics aside, I believe most New Zealanders feel that continuity of government for a further term is beneficial for the economy. Our economy, even with some slowing in the latter part of the 2014 calendar year, is still strong by OECD standards and is likely to remain amongst the leading economies in the developed world for the next few years. We only need to look across the Tasman to see the impact on economic performance of inconsistent political leadership and a reluctance to face the realities of the global economy. The net immigration inflows that we are experiencing and improvements in manufacturing and slowly, the agricultural sector with the slide in the New Zealand dollar, stand to benefit us all. In our industry, the pressures on selected markets, namely Christchurch and Auckland, will we believe continue until supply dramatically improves. It is hoped that some easing in inflationary pressure will encourage the Reserve Bank to lift its LVR restrictions, at least in regions outside of Christchurch and Auckland.

Relevancy to you, our members, must always be our primary goal. Increasingly we need to be providing advocacy, services, data and other information to facilitate your effective operation in the marketplace. Our working relationship with the Real Estate Agent's Authority (REAA) is, in our view, strong and constructive but we should never blur the specific roles of each organisation and ensure the integrity of each organisation's objectives and scope of work. Our advocacy with Government in respect of the complete lack of regulatory coverage for Residential Property Management has to date yielded no enthusiasm for change in this area, despite the clear potential and actual harm to consumers. While we are working hard on an Accreditation Programme for this area, we will continue to work on this objective with Government.

One of our key goals this year was to broaden our offering to provide more to our specialist groups. Our Auction, Business

Broking and Residential Property Management sector groups provided a successful template for the work we do with our specialists, and we were delighted to be able to launch Rural and Commercial & Industrial Sector Groups this year. Within these additional sectors, it has been immensely valuable to be able to draw on both the commitment and depth of understanding of specialists in each area who have proven willing to provide both their time and their expertise. This has enabled us to develop publications, events and training relevant for both the Rural and Commercial & Industrial sectors. We could not achieve what is being achieved without the commitment offered and we thank all concerned for their input over the last year.

Over the year a number of key pieces of consumer protection legislation have been passed into law, and our Member Advisory Services team have been at the forefront of communicating the impact of the changes to our members. The coming year will see the introduction of Health & Safety legislation that can be expected to have a significant impact on all business in New Zealand, large or small, and we will be working closely with experts in this space to ensure you have access to information on the implications for your business practice.

The landscape of our industry has changed considerably in recent years and will continue to do so. As a membership organisation it is exciting to be working together and alongside each other to ensure we are both equipped and informed to adjust to each change as it presents itself. This will not always be a comfortable process, but I am confident that together we can face and work through any future challenges as they present themselves.

We have continued to invest in our technology platform, our membership system and our core statistics offering to improve the quality and reliability of our service to you. The work done in this area is the foundation for expanding the services we are able to offer and these initiatives will be a major focus in the coming year. Our CEO, Helen O'Sullivan, will talk further in her report about these activities.

The completion of the sale process of our premises at 202 Parnell Road last year provided us with the opportunity to seek out new premises. In line with our commitment to members to reinvest the entire proceeds from the sale of the Parnell

site in alternate real estate, this has been a key objective for us. As we go to print with this annual report, we are finalising the purchase of new premises and are excited about the opportunity that this represents for the Institute. We are so grateful to Bryan Thomson for the enormous amount of work he, with the support of his fellow Property Committee member Philip Searle, has put into the process of locating and securing a property for us. We are also grateful for the guidance and input of Howard Morley and Peter Cook throughout this process since its inception.

Over the year, our collaboration with Realestate.co.nz has steadily increased, with positive benefits for both organisations. While we are and will remain quite separate organisations, there are nonetheless many opportunities for us to add value to members and subscribers by working together. Our current temporary location sees us in the same building and we anticipate that Realestate.co.nz will take a floor in our new premises. The future for that company is extremely bright and we are committed to it for the long term as a core element of the real estate industry.

We have seen some changes at the Board level this year as we continued our programme of maintaining freshness and the appropriate mix of skills at Board level. We have been delighted to welcome Wendy Alexander as Regional Director for Region One, and also Stephen Titter as one of our Appointed Directors. Stephen has assumed the Chair of the Audit & Risk Committee and we are delighted to have the benefit of his technical skills in the accounting area in this role.

Further changes are possible since, as we go to print, elections are just commencing for Regions 2 and 4. In Region 4 the current incumbent, Tony McPherson, is not standing for re-election, and I would like to take this opportunity to pay tribute to Tony for his outstanding contribution to the Board and to the business of REINZ. We must also note the sterling contribution of David Rankin who stepped down from the Board during 2014. David's valuable contributions to the Board were notable and much appreciated, particularly in respect of the ITO. I do want to express my personal appreciation to my fellow Board members for their hard work and contribution – their hard work and support is essential to what we have achieved and on a personal as well as a professional level, highly appreciated.

We also want to thank you, our members, for your ongoing support. Once again it has been a pleasure to meet with so many members over the year through our membership meetings programme – we value the engagement and the feedback from these events enormously.

In closing, I need to mention that our CEO, Helen O'Sullivan, is moving on to her next challenge after four successful years at REINZ. While we are sad to see Helen go, she leaves REINZ in great heart having progressed the foundation projects, and having delivered an implementation plan for the future that has had strong engagement with our members. The Board thanks Helen most sincerely for her great contribution.



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



CEO Report

Catching the Flood

As our Chairman's report touched on, our theme for this year has been "Catching the Flood", as we have been focused on the things we need to do to ensure that we have a platform from which to operate over the next 10 years and beyond.

We believe that the rate of learning in any organisation needs to be at least equal to, if not greater than, the rate of change in its environment – and it seems to us that the world we operate in looks a little different every day. That means that we have to continue to learn and to change at the same rate to keep pace with our environment. Our three core themes to deliver that have been as follows:

- Providing leadership on professional excellence – being essential in the daily lives of members by way of the tools we offer, the advice and guidance we provide, and in the initiatives we lead that enhance the professionalism of the industry of which we are part.
- Building resilience, both internally in terms of REINZ and its platforms, and externally in respect of the profession.
- Protecting the assets of REINZ while making them work harder for the members who own them.

In practical terms, these themes have been realised in the following key initiatives in the year ending 30 June 2014.

Agency Agreement & Revised Introduction Clauses

This initiative came about in response to our concern on behalf of the industry over the disruptive effect of disputes around commissions, and the obligations we have to consumers following the end of an agency agreement. We collaborated closely with the industry and the REAA in drafting the revised introduction clauses to address these issues, and at the same time updated our existing Agency Agreement in response to developments in real estate case law over the last three years. We have been delighted with the industry's collaborative and forward looking approach to this initiative – this has demonstrated that the industry can recognise and respond to an issue of genuine consumer and industry concern without heavy handed regulatory intervention. We also see our role here as being a core part of our leadership role in the industry – it is part of our brief to recognise and respond to potential threats to our industry's reputation. Addressing the potential double commission issue, we feel, fits well with this part of our role. We will closely monitor the uptake and impact of the clauses and will consider change if appropriate.

PropertySmarts

In line with our aim to provide leading edge tools and be essential in the daily lives of our members, we have worked hard this year on the development of an industry-owned property information tool. PropertySmarts has been developed by REINZ in conjunction with Custom Software Ltd and Headway Systems Ltd. This has enabled us to develop the product in a cost effective way, and to access both sources of expertise, intellectual property and data not otherwise available to us.

Available only to members of REINZ, the product was created and testing began during this financial year. At time of writing, we have a full pipeline of offices trialing the product, as we soft-launch it throughout the country. PropertySmarts provides an alternative to the products offered by commercial entities and is made by the industry, for the industry. It has been a painstaking and patient effort to bring the product to the point where it is ready for member use, and we look forward to your feedback.

Education, Awards & Events

REINZ continues to provide valuable education and events tailored to meet the needs of small independent and corporate organisations alike. We are particularly delighted with the growing success of the REINZ Awards of Excellence, and relish the opportunity to recognise excellence in the real estate industry. The categories are designed to recognise individual and company excellence, as well as encompass our specialists in the field of Rural, Commercial, Business Broking and Residential Property Management. We are delighted with the recognition that these awards are achieving and will continue to develop their profile in the years ahead.

The National Auctioneering Championships create and maintain a high benchmark for excellence in auctioneering practice, as demonstrated by our national winner and runner up competing in the Australasian Auctioneering Championships (in Perth). Similarly we were delighted by the success of the Business Brokers Conference and Workshop and our perennial Residential Property Management Conference & Awards for Excellence. We also ran our Auckland Superstars Breakfast in a new format incorporating presentations from six of our industry CEOs – a format that we hope to repeat in future.

To date, in 2014, we have run 26 webinars that are often tuned into by whole teams at their weekly sales meetings. Additional to this were a plethora of seminars and smaller events both in Auckland and around the country to meet demand as it arose.

CEO Report continued

Verifiable Training

For the second year, we have run verifiable training seminars throughout the country with various top trainers at the helm. We also continued to provide online verifiable training for those unable to attend in person. With the introduction for the first time of sector strands in the Verifiable CE, we were also pleased to be able to offer the sector strands – again, with thanks to our Sector Groups for their assistance in this.

Continuing Education Log

The REINZ platform continues to log and report continuing education hours to the REAA for members as well as for individual members. We made almost a dozen, member-suggested changes to the portal to enhance the user experience.

Member Engagement

We ran a nationwide series of member meetings in 22 locations around New Zealand, with the presentations led in each venue by a combination of either myself or the Chair, and the relevant Regional Director. We were pleased to be able to meet with 1,165 members throughout the country at this series of meetings. This is now a key part of our annual programme to ensure we are regularly in touch with all of you throughout the country. The programme enables us to ensure that Board members and I are on the ground with members regularly, allowing us to share our activities and plans for the future with you, as well as to hear the thoughts of you as members on matters important to you.

Other key communications include our weekly email newsletter, bi-monthly magazine, an annual publication “Your Guide to REINZ,” presentations at induction courses, CEO talks at various events, and many interviews of our CEO on television, radio and in the newspapers.

Our internal organisational structure also supports internal communication at all levels and we have put considerable effort into promoting, supporting and enhancing the role of our Sector Groups – with all five sectors now represented – and our District Forum Leader network in 26 districts. These channels are vital for distribution of the large amount of information produced by REINZ particularly by our Member Advisory Services function.

Member Advisory Services

The REINZ Member Advisory Service continues to be one of our most valuable and significant member services, providing a steady flow of information and advocacy throughout the year. In addition to our on-the-spot phone and email assistance on best practice issues, we have a growing library of advisory documents including Best Practice Guides on a range of key industry issues. Our weekly emails always include an Advisory Services section providing, among other things, summaries of CAC, Tribunal

and High Court decisions which keep you aware of changes in legal precedents in our sector as they arise. This service is headed by our Legal Counsel, as we see it as important to have that depth of legal experience leading this process. The service is so popular we intend to expand the hours of availability over the coming year.

As part of our ‘business as usual’ of course we provide regular updates on our shared forms with ADLSi. There have been a number of changes to the forms this year in response to key legislative changes such as changes to trust and consumer law, the Unit Titles Amendment Bill, the Building Amendment Act 2013, KiwiSaver, minor Changes to the REAA 2008, the Auctioneers Act 2013, Employment Relations Act 2000 and the Consumer Law Reform Bill. Key improvements were also negotiated to the GST Schedule to make it easier for licensees and consumers to understand. In addition to the consequent changes to the REINZ / ADLSi forms, we have made submissions on these legislative changes as they have arisen and provided members with guidance on the impacts or potential impacts on real estate practice. Further, our REINZ / NZLS Useful Clauses booklet was updated in hard copy and on the eforms platform, keeping a key member resource up to the minute with practice and law.

Advocacy

Our Advocacy for the industry at ministerial and local government level is ongoing. In this period, we have made submissions on a number of key issues, including the following:

1. The proposed changes to the Taxation Bill on Zero-Rating in situations where a new lease is taken up between the landlord and the new tenant along with a business sale.
2. The NZICA application to seek exemption under the REAA 2008.
3. The Auckland Unitary Plan.
4. The Building (Earthquake-prone Buildings) Amendment Bill .
5. The Health and Safety Reform Bill
6. The awarding of costs against non-licensee parties by the Real Estate Agents Disciplinary Tribunal

We have also engaged with Local Government NZ and others on the development of a standard for methamphetamine contamination testing and remediation. This is an important issue for both our sales and Residential Property Management members, and we will keep members updated on this point as it progresses.

We have also continued to highlight the issues created by the effective de-regulation of residential property management that came about as a result of the Real Estate Agents Act 2008. Our continued representation to

CEO Report continued

Government has not resulted in any positive responses. As a result, we are now developing the Residential Property Management Accreditation Scheme, allowing us to promote an industry response to an issue created by the legislation.

Key points we have worked on with the REAA specifically, in addition to the Introduction Clauses, include Christchurch-specific issues we see cropping up in complaints, the content and format of Verifiable Continuing Education, the NZICA application for exemption from the REAA 2008, processes in respect of web advertising of license applications and the complaints process including the REAA trial of facilitation of complaints. As noted by Dame Rosanne, we believe that our relationship with REAA is constructive, and that this allows us to be more effective as an advocate for you. We remain clear on the difference between the roles that REAA and REINZ have, while also seeing the opportunities for us to work on projects of mutual interest for the benefit of the industry.

Residential Property Management Accreditation Programme

As the government has formally decided, for now at least, against pragmatic regulation of the residential property management sector, REINZ has been working on a Residential Property Management Accreditation Programme for this area of practice. This will allow REINZ members to commit to standards of education and security that provide for consumer protection and market that consumer benefit. We are excited about this initiative and look forward to bringing you more details as they unfold. Our other Sector Groups are also following developments in this area with considerable interest in following this lead.

International Relationships

We have also been pleased to continue to liaise with and learn from our international counterparts, including the Real Estate Institute of Australia and all of their constituent organisations, as well as the National Association of Realtors, who made a brief visit to New Zealand this year and met with a number of member groups whilst here. We value these international relationships and the opportunity they provide to emulate international best practice.

Information Technology & REINZ Statistics

A key part of our drive to increase our resilience is reflected in the investment we continue to make in our technology platforms. Much of this is 'behind the scenes' from a member point of view, but the changes we have made have been critical to establishing our now essential technology platform in a robust, high performance environment. This process has been led by our Chief Technology Officer and Senior Developer, with very pleasing results. Significant advances this year included:

- Rebuilding the REINZ membership management software, replacing a system that was built in the 1990s. This has moved it online in the cloud and has allowed greater flexibility and speed at which we manage rights and access to online systems, as well as providing the platform for future enhancements to all of our systems. This also enables us to offer online membership renewal for the first time this year, and we expect to further enhance this service for the next renewal round.
- The REINZ Address File or "RAF" system has been developed, based on a database of over two million property records drawn from a range of sources including LINZ, Statistics New Zealand and NZ Post. Once a sales record is matched to a RAF ID, we know where the property physically is, and can map it with far greater accuracy for reporting and retrieval purposes. Residential data matching to RAF ID is now reaching over 97% on new records, and is at 87% including historic records.
- An entirely new statistics database platform has been implemented, rebuilding the old system from scratch. This has allowed us greater in-house control and flexibility over what we report on and how we can provide data to members, including via APIs (application programming interfaces).
- We've replaced the in-house infrastructure with a "cloud" based environment, giving us far greater security and continuity of service, as well as considerably enhanced performance. With more than four times the capacity, the performance of our current applications has substantially improved – for example a Sale and Purchase eForm now takes three seconds on average to create compared with 17 seconds previously.
- Transitioning to a new Statistics Upload function in the new Statistics Portal interface.
- Adding an "As is, where is" option for properties in Christchurch and beyond to measure the trend of properties coming to the market with earthquake damaged dwellings that have been cash settled with the insurance companies.

Preferred Supplier Programme

As a small but not insignificant value-add to membership, our preferred supplier programme added deals with Mobil, Beaufort, Liquor King, and the Office Products Depot which add to the very successful arrangement already in place with Noel Leeming. Of note is the job listing arrangement with NetYourJobs which gives broad reach for recruitment advertisements at a reduced cost - a service well utilised by members.

CEO Report continued

Financial Performance Summary

2014 was another successful year for the Institute on a financial basis where costs were controlled while significant investments were made in hardware and technology. Detailed financial statements follow, and a summary is provided below.

The following table compares the financial performance of the Institute alone in the 2014 year with the previous year.

	INSTITUTE 2014 \$	INSTITUTE 2013 \$
Operating Revenue	3,769,345	3,696,906
Interest Revenue	336,295	75,471
Net Income From PDIF	129,624	204,816
TOTAL REVENUE	4,235,264	3,977,193
Trading Surplus	297,251	598,574
Gain on Sale of Premises	-	3,650,880
Operating Surplus	\$297,251	4,249,454

Net Surplus for the Year

As a result of establishing the groundwork for a superior technology system that will last us long into the future, internal resources around technology have been improved and strengthened. New platforms are being developed for exciting new products as well as stabilising legacy systems and providing a development base going forward.

The other major event that occurred late in the financial year was our shift to temporary premises, which was accomplished with a minimum of disruption to members and at very reasonable cost. Note that the financial accounts include the impact of rental paid on the premises at 202 Parnell Road for the full financial year, as well as the interest income on the proceeds.

Profitability has declined as a result of these commitments that have been made to the capital base of the Institute and this year the operating surplus is a positive \$297,251 compared to last years \$598,574. The decline is more than covered by the investment of over \$400,000 in the Institute's assets.

Keeping costs contained is always of concern, but we need to balance this with enhancing our services and investing where necessary in key capability. We also need to ensure that we have the financial flexibility to respond to unexpected events, and it is with this in mind that moderate subscription increases were adopted by the Board for the 2014/15 membership year after three years of holding our prices to members.

Board fees increases represent those approved at the last Annual General Meeting. We propose to increase the Board fees by a CPI adjustment as provided for in Rule 7.7.

The performance of the Institute's jointly owned company, realestate.co.nz Ltd has been solid and as a result of equity accounting, that entity's performance has enhanced the reported Group profitability.

Professional Development & Integrity Fund

The PDIF is being maintained separately within the Institute and is being administered by a separate sub-committee of the Board, independently chaired by Arthur Young. This Committee is separately advised by Craig's Investment advisers who have taken over from the previous incumbents. The committee has made some grants already that will reflect in the next financial year. Members are referred to the various brochures about the guiding objectives of the fund as well as how to make applications for grants from the fund. The fund is conservatively managed and has reached the targeted return level anticipated by the Board.

Finally ...

It is with enormous regret that I have this week announced my decision to leave REINZ to move on to my next challenge. The work we have been able to accomplish over the four years that I have been in this role has been enormously satisfying. Of course it has only been possible with the support of many, many others - my talented team, the Board, our Chair Dame Rosanne Meo who has provided me with enormous support both personally and professionally, the District Forum and Sector Group volunteers and of course you, as members. The welcome I received from our membership base when I came to this role four years ago was open and generous, and your support has made so much possible. I believe I leave REINZ in good heart and well placed to face the challenges of the future, and I believe REINZ can look forward with huge optimism and excitement about its future - an excitement which I share.



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



The Real Estate Institute of New Zealand Inc

Financial Statements

For the 12 months to 30 June 2014



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE REAL ESTATE INSTITUTE OF NEW ZEALAND INCORPORATED

We have audited the financial statements of the Real Estate Institute of New Zealand Incorporated on pages 14 to 22 which comprise the consolidated Group and Institutes statements of financial position as at 30 June 2014, and the group and Institutes 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, The Real Estate Institute of New Zealand Incorporated and its subsidiaries.

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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 9 366 0323
E audit@hayesknight.co.nz
W hayesknight.co.nz

Opinion

In our opinion, the financial statements on pages 14 to 22 present fairly, in all material respects, the financial position of the Real Estate Institute of New Zealand Incorporated and the group as at 30 June 2014, and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

Hayes Knight Audit NZ

HAYES KNIGHT AUDIT NZ

AUCKLAND, NEW ZEALAND

2 October 2014

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 3660323
E audit@hayesknight.co.nz
W hayesknight.co.nz



Institute Directory

Date of Incorporation	17 February, 1927 Incorporated under The Incorporated Societies Act, 1908
IRD Number	10 677 858
Incorporation Certificate Number:	1927/3 (Currently Certificate 222891)
Directors	Dame Rosanne Meo (Chairman) Dr Richard Janes Mr Tony McPherson Mr Euon Murrell Ms Elizabeth Nidd Mr Stephen Titter (Replaced Mr David Rankin, June 2014) Mr Phillip Searle Ms Wendy Alexander (Replaced Ms Jean Smith, Oct 2013) Mr Bryan Thomson
Auditor	Hayes Knight Audit NZ
Bankers	Bank of New Zealand Newmarket AUCKLAND

Statement of Financial Position

As at 30 June 2014

	NOTE	GROUP 30 June 2014 \$	GROUP 30 June 2013 \$	INSTITUTE 30 June 2014 \$	INSTITUTE 30 June 2013 \$
CURRENT ASSETS					
Cash at Bank	8	7,507,038	7,813,430	7,507,038	7,710,406
Accounts Receivable		70,412	977,310	70,412	977,588
Receivables from Associate	5	45,954	116,805	49,981	116,805
Inventories		6,367	7,353	6,367	7,353
Tax Refund Due		3,540	13,158	3,540	3,516
Prepayments		230,697	204,832	230,697	204,832
Total Current Assets		\$7,864,008	\$9,132,888	\$7,868,035	\$9,020,500
NON CURRENT ASSETS					
Investments	6	1,254,383	861,979	622,585	643,645
Investments (PDIF)	17	2,295,839	2,172,054	2,295,839	2,172,054
Property, plant and equipment	4	596,340	125,114	530,498	125,114
Total Non Current Assets		\$4,146,562	\$3,159,147	\$3,448,922	\$2,940,813
TOTAL ASSETS		\$12,010,570	\$12,292,035	\$11,316,957	\$11,961,313
CURRENT LIABILITIES					
Accounts Payable and Other Liabilities		718,729	594,306	718,729	594,306
Goods and Services Tax		(2,448)	157,282	6,229	148,854
Membership Fees Received in Advance		306,289	1,224,795	306,289	1,224,795
Provision for Holiday Pay		80,035	84,935	80,035	84,934
Total Current Liabilities		\$1,102,605	\$2,061,318	\$1,111,282	\$2,052,889
Accumulated Funds		\$10,907,965	\$10,230,717	\$10,205,675	\$9,908,424
Total Funds and Liabilities		\$12,010,570	\$12,292,035	\$11,316,957	\$11,961,313

On behalf of the Board who authorised these financial statements on 23 September 2014.



Rosanne Meo
CHAIRMAN



Bryan Thomson
DIRECTOR

The notes on pages 14 to 22 form part of these financial statements.

Statement of Financial Performance

for the year ended 30 June 2014

	NOTE	GROUP 30 June 2014 \$	GROUP 30 June 2013 \$	INSTITUTE 30 June 2014 \$	INSTITUTE 30 June 2013 \$
Operating Revenue		3,769,345	3,716,316	3,769,345	3,696,906
Interest Revenue		336,295	78,329	336,295	75,471
Net Income From PDIF	17	129,624	204,816	129,624	204,816
Total Revenue	2	4,235,264	3,999,461	4,235,264	3,977,193
Trading Surplus/(Deficit) before Income Tax	3	283,224	599,300	297,251	598,574
Plus Gain on Sale of Premises		-	3,650,880	-	3,650,880
Operating Surplus		283,224	4,250,180	297,251	4,249,454
Plus Equity Accounting - Share of Surplus in Realestate.co.nz Ltd		394,024	199,671	-	-
Surplus/(Deficit) before Income Tax		677,248	4,449,851	297,251	4,249,454
Income tax (credit) / expense	7	-	-	-	-
Net Surplus/(Deficit) for the year		\$677,248	\$4,449,851	\$297,251	\$4,249,454

Statement of Movements in Equity

for the year ended 30 June 2014

	NOTE	GROUP 30 June 2014 \$	GROUP 30 June 2013 \$	INSTITUTE 30 June 2014 \$	INSTITUTE 30 June 2013 \$
Accumulated Funds at the beginning of the year		10,230,717	5,780,866	9,908,424	5,658,970
Plus Net (Deficit)/Surplus after tax		677,248	4,449,851	297,251	4,249,454
Accumulated Funds at the End of the Year		\$10,907,965	\$10,230,717	\$10,205,675	\$9,908,424

The notes on pages 14 to 22 form part of these financial statements.

Notes to the Financial Statements *for the year ended 30 June 2014*

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 Member Services Ltd, RealENZ Ltd, Parnell Education Services Ltd, Inc Investments Ltd and REINZ Ventures Ltd (together with its Non Trading Subsidiary Property Smarts NZ Ltd) comprise the Real Estate Institute of New Zealand Group.

REINZ Member Services Ltd has a 50% share in the equity of Realestate.co.nz Ltd.

REINZ Ventures Ltd (Incorporated 27 March, 2014) has been added to the Group during this financial year.

These financial statements are a general purpose report which have been prepared in accordance with generally accepted accounting practice as well as having regard to the recommended accounting standards promulgated by the External Reporting Board (XRB) for Tier 2 Not For Profit Organisations, about to become a presentation requirement.

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 exceptions. It is noted that this difference in reporting standards will not continue into the future and as a result, where material, the new standard has been considered.

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 year ended 30 June 2014.

SPECIFIC ACCOUNTING POLICIES

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

COMPARATIVE FIGURES

Comparative figures represent 12 months trading to 30 June, 2013. Current year figures represent 12 months trading from 1 July, 2013 to 30 June, 2014.

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, 2014 with the exception of REINZ Ventures Ltd and its subsidiary which have a balance date of 30 June, 2014.
- 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 if any.
- The consolidated financial statements include the Institute, REINZ Member Services Ltd (an investment company), RealENZ Limited (formerly a web-based marketing company, now non trading), Parnell Education Services Limited (Formerly REINZ Industry Training Organisation Ltd an industry training organisation now not trading.), Inc Investments Ltd (Investment Holding Company) and REINZ Ventures Ltd, a software development company together with its subsidiary, Property Smarts (NZ) Limited. All significant inter-company transactions are eliminated on consolidation. In the Institute's financial statements, the investment in REINZ Members Services Ltd is recognised at cost, less provision for diminution in value.
- The investment in Realestate.co.nz Ltd 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 of 31 March, 2014.

Notes to the Financial Statements *for the year ended 30 June 2014* (cont'd)

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.

Event income and related expenses are recognised when the event occurs, with any income or expense received or paid in advance deferred as an asset or liability.

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.
- 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:

Leasehold alterations	3 Years
Furniture and fittings	8 - 11 years
Office Plant	3 Years
Computer hardware	2-3 years
Computer software	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.

All other investments are recorded at cost and considered for impairment.

Exchange Rates:

Certain investments of the Professional Development and Integrity Fund are maintained in overseas currencies. 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.

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 a full years trading.

Notes to the Financial Statements *for the year ended 30 June 2014* (cont'd)

2. Revenue

	GROUP 30 June 2014 \$	GROUP 30 June 2013 \$	INSTITUTE 30 June 2014 \$	INSTITUTE 30 June 2013 \$
Membership Fees	2,474,529	2,380,118	2,474,529	2,380,118
Services provided to Members	1,154,682	1,100,842	1,154,682	1,100,842
Interest Revenue (incl PDIF)	465,919	339,990	465,919	337,132
Other Revenue	140,134	178,511	140,134	159,101
Total Operating Revenue	\$4,235,264	\$3,999,461	\$4,235,264	\$3,977,193

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

	GROUP 30 June 2014 \$	GROUP 30 June 2013 \$	INSTITUTE 30 June 2014 \$	INSTITUTE 30 June 2013 \$
Audit Fees – Hayes Knight Audit NZ	21,320	27,759	21,320	24,759
Depreciation	124,980	148,844	124,980	148,844
Bad Debts/ (Recovered)	8,783	5	8,783	5
Directors Fees	320,165	291,934	320,165	284,000
Loss/(Gain) on disposal of assets	6,530	(11,851)	6,530	(11,581)

4. Property, Plant and Equipment

GROUP 2014	COST 2014 \$	ACCUMULATED DEPRECIATION 2014 \$	BOOK VALUE 2014 \$
Furniture, fittings & alterations	97,247	(9,851)	87,396
Office Plant	4,393	0	4,393
Leasehold Alterations	30,766	0	30,766
Computer Hardware	190,670	(57,755)	132,915
Computer Software	587,673	(338,488)	249,185
Capital Work in Progress	25,843	0	25,843
Other Intellectual Property	65,842	0	65,842
	\$1,002,434	(\$406,094)	\$596,340

GROUP 2013	COST 2013 \$	ACCUMULATED DEPRECIATION 2013 \$	BOOK VALUE 2013 \$
Furniture, fittings & alterations	55,811	(44,510)	11,301
Computer Hardware	77,984	(55,507)	22,477
Computer Software	365,255	(273,919)	91,336
Capital Work in Progress	-	-	-
	\$499,050	(\$373,936)	\$125,114

Notes to the Financial Statements *for the year ended 30 June 2014* (cont'd)

4. Property, Plant and Equipment (cont'd)

INSTITUTE 2014	COST 2014 \$	ACCUMULATED DEPRECIATION 2014 \$	BOOK VALUE 2014 \$
Furniture, fittings & alterations	97,247	(9,851)	87,396
Office Plant	4,393	0	4,393
Leasehold Alterations	30,766	0	30,766
Computer Hardware	190,670	(57,755)	132,915
Computer Software	587,673	(338,488)	249,185
Capital Work in Progress	25,843	0	25,843
	\$936,593	(\$406,094)	\$ 530,498

INSTITUTE 2013	COST 2013 \$	ACCUMULATED DEPRECIATION 2013 \$	BOOK VALUE 2013 \$
Furniture, fittings & alterations	55,811	(44,510)	11,301
Computer Hardware	77,984	(55,507)	22,477
Computer Software	365,255	(273,919)	91,336
Capital Work in Progress	-	-	-
	499,050	(373,936)	125,114

5. Related Party Transactions

The Board receive fees in respect of attending Board Meetings and to attending to Institute affairs. These fees are paid during the year. (D Rankin and J Smith retired during the year ended 30 June, 2014 and were replaced by S Titter and W Alexander respectively.)

The Board consists of R Meo (Chairman), W Alexander, R Janes, T McPherson, E Murrell, L Nidd, P Searle, B Thomson and S Titter.

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 2014	INSTITUTE 2013
Meo, Dame R (Chair)	\$67,875	\$70,000
Alexander, W	\$20,290	-
Janes, Dr R	\$37,167	\$29,000
McPherson, T	\$34,083	\$27,500
Murrell, E	\$33,250	\$25,000
Nidd, L	\$33,875	\$27,500
Rankin, D	\$25,125	\$27,500
Searle, P	\$34,083	\$27,500
Smith, J	\$9,917	\$25,000
Thomson, B	\$33,250	\$25,000
Titter, S	\$5,833	-
Sub Total	\$334,748	\$284,000
Less Recovered from Associate	\$14,583	-
TOTAL	\$320,165	\$284,000

Notes to the Financial Statements *for the year ended 30 June 2014* (cont'd)

5. Related Party Transactions (cont'd)

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 (2013:\$7,935) for his responsibilities as a sole Director and the resolution of all outstanding matters with the Company. Dr Janes also received a fee as being the Institute's representative director on the Board of realestate.co.nz Limited.

During the year the Institute charged realestate.co.nz Limited \$10,000 (2013:\$10,000) for software license fees. The amount payable to the Institute is \$41,805 (2013: \$116,805). 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.

6. Investments

	GROUP 2014 \$	GROUP 2013 \$	INSTITUTE 2014 \$	INSTITUTE 2013 \$
INVESTMENT IN SUBSIDIARY				
REINZ Member Services Ltd 1,000 ordinary shares	-	-	1,000	1,000
OTHER INVESTMENTS AND LOANS				
REINZ Member Services Ltd	-	-	-	9,222
Advance to realestate.co.nz Ltd	207,710	207,710	207,710	207,710
Advance to Parnell Education Services Ltd	-	-	-	7,418
Investment in realestate.co.nz Ltd	629,497	235,974	-	-
Investment in Other Entities	43,946	35,955	40,645	35,955
	881,153	479,639	249,355	261,305
District Funds	373,230	382,340	373,230	382,340
	\$1,254,383	\$ 861,979	\$622,585	\$ 643,645

RealENZ Limited and Parnell Education Services Ltd (Formerly REINZ Industry Training Organisation Limited) are wholly owned subsidiaries of REINZ Member Services Limited.

REINZ Ventures Limited is a directly owned subsidiary of The Institute. REINZ Ventures Limited in turn owns 100% of Property Smarts (NZ) 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 believe they are recoverable.

The Group has a 50% interest in realestate.co.nz Limited, which is a property marketing portal. This is equity accounted for as at their balance date of 31 March.

The various districts around the country have deposits totalling \$373,230 (2013: \$382,340).

Notes to the Financial Statements *for the year ended 30 June 2014* (cont'd)

7. Taxation

	GROUP 2014 \$	GROUP 2013 \$	INSTITUTE 2014 \$	INSTITUTE 2013
Surplus/(Deficit) before tax and Gain on sale of premises	\$283,224	599,300	\$ 297,251	598,573
Plus gain on sale of premises	-	616,840	-	616,840
Taxable Profit	\$283,224	\$1,216,140	\$297,251	\$1,215,413
Taxation charge (28%)	(\$79,303)	(340,519)	(\$83,231)	(340,316)
Tax losses not recognised/(utilised)	79,303	340,519	83,231	340,316
Tax expense	-	-	-	-

There are estimated group tax losses of \$5,000,000 approximately (2013 Actual: \$5,265,760 approximately) 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.

8. Cash at Bank (Including District Funds)

The cash at bank is in part restricted against a liability for unclaimed monies to the value of \$ 93,047 (2013: \$93,047). Bank balances also include funds released from the sale of the building previously owned at 202 Parnell Road. These funds and the accumulated income arising from them are being used to fund rent, research and the purchase of a building once a final decision has been made.

District funds are held with a variety of financial institutions.

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 contingent liabilities at balance date relating to the completion of the purchase of land and buildings to the value of \$4,400,000 + GST. (2013: \$Nil). Subsequent to balance date a deposit of \$200,000 has been made to support the contract. There are no other contingent assets or liabilities.

11. Capital Commitments

There were no capital commitments at balance date (2013: \$Nil) with the exception to that disclosed in Note 10.

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.

Notes to the Financial Statements *for the year ended 30 June 2014* (cont'd)

13. Guarantees

The Institute has provided guarantees to third parties to a total value of \$50,000 (2013 :\$50,000). This is for a payroll letter of credit issued by BNZ to secure staff salaries.

14. Operating Leases

The Institute has a lease commitment on its current premises at Level 1, 128 Parnell Road, Parnell for a fixed period of 4 years terminating on 30 April, 2018. The lease can be terminated with six months' notice in the period 1 November, 2016 to 30 November, 2016. The annual rental for the premises and car parks is \$160,595.00 plus GST.

This is represented as	2014
Current	\$160,595
Term – Terminating 30 May 2017	\$307,807
Term – Terminating 1 May, 2018	\$455,019

15. Events Subsequent to Balance Date

The Board is continuing to negotiate the purchase of new premises to house the Institute. It was agreed at the last Annual General Meeting that all funds realised from the sale of 202 Parnell Road, Parnell will be reinvested into land and buildings on the Institute's behalf.

There are no other known significant events subsequent to balance date.

16. Other Matters

Parnell Education Services Ltd continues to remain as a non trading entity. The Board has decided to simplify its affairs and to complete the amalgamation of Parnell Education Services Ltd and Real ENZ Ltd into REINZ Member Services Ltd.

This amalgamation will have no expected significant change to the balance sheet of the Institute.

17. The Professional Development and Integrity Fund

The Professional Development and Integrity Fund is the separate fund established by the Board of the Institute utilising the surplus funds provided on the dissolution of the Fidelity Fund. Independent advisors manage this funds' investments under the control of a Board subcommittee chaired by an Independent Chairman. Members of that Committee are Mr Arthur Young, Chair and Dame Rosanne Meo, Mr Euon Murrell and Mr Philip Searle.

	GROUP 2014 \$	GROUP 2013 \$	INSTITUTE 2014 \$	INSTITUTE 2013 \$
Investments On Hand at Beginning of Year	\$2,172,054	-	\$2,172,054	-
Funds received on the dissolution Of the REINZ Fidelity Fund	-	\$1,966,590	-	\$1,966,590
Balance of the Fund at start of year	\$2,172,054	\$1,966,590	\$2,172,054	\$1,966,590
Plus Gains, Dividends and Interest	\$154,684	\$205,464	\$154,684	\$205,464
Less Management Costs Paid	\$16,327	-	\$16,327	-
Less Tax Payments	\$14,572	-	\$14,572	-
	\$30,899	-	30,899	-
Net Value of the Fund	\$2,295,839	\$2,172,054	\$2,295,839	\$2,172,054

Investments in the fund are as at 30 June, 2014 held in the following categories:

EQUITY	2014 ALLOCATION	2013 ALLOCATION
NZ Cash	34.0%	25.9%
NZ Fixed Interest	6.0%	10.8%
NZ/Aust Property	7.0%	6.3%
NZ Equities	22.0%	21.8%
International Equities	31.0%	32.6%
Hedge Funds	0.0%	2.6%
TOTAL	100%	100%

Supplementary Information – Unaudited for the year ended 30 June 2014

Statement of Financial Performance (Institute only)

	REVENUE 2014 \$	EXPENSE 2014 \$	REVENUE 2013 \$	EXPENSE 2013 \$
SERVICES TO MEMBERS				
Education, and Events	703,516	574,985	642,994	430,595
Publications	143,690	70,025	186,727	65,870
Journal	117,091	105,821	150,559	95,450
Statistics	190,385	39,316	120,562	45,370
Special Interest Groups	-	49,845	-	-
	1,154,682	839,992	1,100,842	637,285
ADMINISTRATION				
Premises - 202 Parnell Rd	-	211,484	45,802	51,394
General administration	-	2,870,356	-	2,626,380
Other	606,053	16,181	450,431	63,560
	606,053	3,098,021	496,233	2,741,334
SUBSCRIPTIONS	2,474,529	-	2,380,118	-
	4,235,264	3,938,013	3,977,193	3,378,619
Operating Surplus/(Deficit) before tax	\$297,251		\$598,574	

Supplementary Information – Unaudited for the year ended 30 June 2014

Administration & External Relations - Expenses

GENERAL ADMINISTRATION	INSTITUTE 2014 \$	INSTITUTE 2013 \$
Accident Compensation Levy	2,581	3,064
Accounting	20,683	29,576
Annual General Meeting and Election Costs	4,013	7,213
Audit	21,320	24,759
Bad Debt /Events	8,783	-
Board Fees	320,165	283,999
Board Meeting Costs (Incl Travel)	60,137	64,898
Cleaning	14,463	13,076
Computer charges	170,273	196,730
Credit Card Commission	18,179	18,968
Depreciation	124,980	148,844
Electricity	11,157	11,056
General Expenses	43,952	40,195
Government, Public Relations, Strategy and Promotional	26,222	18,998
Insurance	29,114	26,918
Legal Expenses (including Forms Costs)	190,897	139,646
Loss/ (Gain) on disposal of assets	6,530	(11,581)
Postage	18,398	20,045
Printing and stationery	49,030	54,565
Relocation Costs	12,546	-
Replacement Building Investigation Costs	50,226	-
Repairs and Maintenance	18,063	34,281
Salaries, Staff Costs and Benefits	1,559,276	1,381,173
Staff Training, recruitment and administration	19,669	33,138
Telephones	25,929	32,655
Travel	43,770	54,164
	\$2,870,356	\$ 2,626,380

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

Statement of Movements in Cash Flows *for the year ended 30 June 2014* (Institute Only)

	INSTITUTE 30 JUNE 2014 \$	INSTITUTE 30 JUNE 2013 \$
CASH FLOWS FROM OPERATING		
Surplus from Trading	297,251	598,574
Add Back Non Cash Movements		
Depreciation	124,980	148,844
Surplus/Loss on Sale or Disposal of Assets	6,530	3,650,880
Increase/ (Decrease in Holiday Pay Provision)	(4,900)	19,867
CASH FROM ACTIVITIES	423,861	\$4,418,165
OTHER SOURCES OF FUNDS		
Reduction of Cash Available	203,368	-
Sale of Assets	-	2,398,526
Tax Refund Received	-	15,210
Increase in Accounts Payable	124,423	101,162
Reduction in Accounts Receivable	907,176	-
Reduction in Inventories	986	-
Reduction in advances to related parties	66,824	15,905
TOTAL SOURCES OF FUNDS	\$1,726,638	\$6,948,968
Represented by the following		
APPLICATION OF FUNDS		
Increase in Cash Held	-	6,256,552
Tax Payment Made	24	-
Increase in Debtors	-	131,574
Increased Investment in Assets	536,893	-
Increase in Inventory	-	2,043
Increased in Prepayments	25,865	131,533
Increase in Investments	102,725	130,143
Reduction in GST Liability	142,625	52,156
Reduction in Fees in Advance	918,506	244,967
TOTAL APPLICATION OF FUNDS	\$1,726,638	\$6,948,968



Realestate.co.nz

Chairman's Report

In my Chairman's report last year I stated, "Realestate.co.nz has come of age." This was just the beginning. The success of last year has continued and today we can proudly say we are now recognised as the leading property portal for serious buyers and sellers of property in New Zealand whether residential, commercial or farms. We are now a true partner to the agency distribution, property franchisee groups and our association, REINZ. As a partner, we can be relied upon to add value to our industry. The year highlighted Realestate.co.nz's strategic role as a provider of services of critical importance to our industry.

I would like to acknowledge the overwhelming support Realestate.co.nz has consistently received from every sector and every level of our industry. With our current listing volume, each month we have seen an increase in the number of views to our portal building to today where we have over 2,500,000 views per month. Our site currently reflects more agent-listed New Zealand properties for sale than any other site. Agents can say with confidence every owner selling their property needs to present their property on Realestate.co.nz.

As the year progressed, monthly records were broken, new benchmarks set, and targets exceeded. The results speak for themselves – record views to our portal, record sales of our products, increased revenue from banner advertising, increased brand exposure and record profits. Our year-end audited accounts reflect a company in a financially healthy position with a strong base to build the future.

While this year had a number of external market factors, which assisted our growth, we however would not have achieved these unless we could meet the performance standards and service levels which both our agents and public demanded. It is worth highlighting some of these key milestones.

This year we launched our first major brand marketing programme - a multi-media campaign including television, radio, online, and supported with print advertising. Our consumer marketing of our brand was a major step in assisting agents selling our products as part of their advertising programme for property sellers. The success of the campaign has highlighted to directors the importance of maintaining marketing momentum and continuing strong investment in our brand.

Our consumer campaigns were supported by an agent roadshow with presentations throughout the country. The roadshow was a major step in building relationships and communicating to business owners an appreciation of

Realestate.co.nz's role as part of their sales process and the value that can be added.

Relationships with our industry have been one of our year's critical success factors. The appointment of a new CEO, in Brendon Skipper, and the restructuring of our internal and external sales teams have built a new level of partnership and cooperation and a level of benefits which have and will flow through all areas. Our sales and marketing team are focused, motivated, and performance driven.

Our focus this year on sales has not overridden the need for constant improvement in our IT platform supporting products, statistics and reporting. This was a year of consolidation and optimisation of our base IT platform including the reliability and consistency of performance. Overall, we are pleased with our achievements but equally have recognised this area will never end and the development and maintenance took longer than forecasted. Next year, with the stronger base, we will see increased product development providing benefits to agents and their customers. We accepted that to future proof our business to meet the market we will need to invest strongly in IT in the near future.

We look back at this year with satisfaction. Our business plans and forecast were in most cases met or exceeded. We have accepted the challenge and the need that our customers and market continues to demand higher standards, more products and stronger support. We are ready to lead and drive this direction.

In ending, I would like to acknowledge the energy, support and professionalism of my directors. Their personal support to the team and I, in guidance and experience in overcoming the year's growth challenges were significant in producing the results we achieved. We are all very confident next year will continue to see further growth, stability and performance of our company and with that, the continued benefits and returns to shareholders, agencies, agents and their customers.

Fairfax Moresby
Chairman, Realestate.co.nz

REINZ Board



From left: Liz Nidd, Stephen Titter, Richard Janes, Dame Rosanne Meo, Helen O'Sullivan, Euon Murrell, Wendy Alexander, Tony McPherson, Bryan Thomson, and Philip Searle.

The REINZ board is comprised of nine members of which:

- Three are appointed Independents,
- One is an appointed Industry Representative, and
- Five are elected Regional Directors.

The current board members are:

Independent

Dame Rosanne Meo, DNZM, OBE

Auckland-based Dame Rosanne Meo has worked as a company director for over 25 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 and AMP NZ Staff Superannuation Schemes; a director of Overland Footwear and James Dunlop Textiles Ltd; and patron of the Auckland Philharmonia.

Dr Richard Janes

Richard Janes is an experienced professional company director with appointments in both the private and public sectors. His current appointments include directorships of Centre Port Limited, Gallagher Group Limited, Callaghan Innovation and Telarc SAI Limited and he is Deputy Chairman of the Lotteries 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.

Stephen Titter

Stephen Titter has directorships with NXT Fuels Ltd and Hahei Consulting Ltd. As a Chartered Accountant, his significant previous roles include being Senior Partner and Board member at Ernst & Young, Auckland & Sydney. The professional expertise Stephen brings to this role includes strategic thinking, understanding of financial reporting and risk management, governance, transactions analysis and implementation, business merger integration, business growth and investment, intellectual property, and business structuring and taxation. Stephen is also a highly effective business mentor, Board Member of the American Chamber of Commerce in New Zealand Inc. and President of the Auckland Branch of the Nelson College Old Boys Association Inc.

REINZ Board continued

Appointed Director Region 1

Bryan Thomson, FREINZ

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 role of Head of Real Estate Operations for Harcourts Australasia in April 2010. Bryan now runs his own business consultancy practice, both within and outside of the real estate industry, Thomson & Associates. Bryan oversees the institute's Auctioneers Sector Group.

Regional Directors

Wendy Alexander, FREINZ, Region 1

Wendy Alexander has been actively involved in the real estate industry for around 35 years. She commenced her real estate association with Wrightson NMA which became Challenge Realty and later, LJ Hooker. Through real estate, her association with the Fletchers Group of companies spanned more than a decade.

Wendy was also Chief Executive of The Professionals Group joining that company initially as the National Trainer. She eventually also joined Barfoot & Thompson as Training Manager and was subsequently appointed Business Development Manager, then General Manager, and has now held the position of Chief Executive for some years.

Wendy's role at Barfoot & Thompson encompasses a broad range of responsibilities across the operational aspects of 65 branches including three commercial branches. With a staff in excess of 2000, Wendy's energy, enthusiasm and passion for the industry has plenty to keep her occupied.

Wendy has been a staunch supporter of the Institute, acting as CEO for four months during the period of transition following the 2009 Act changes. She is a fellow of REINZ and oversees the Commercial & Industrial Sector Group.

Wendy is also actively involved with the NZ Realtors Group and has a wealth of contacts and friendships across the industry.

Philip Searle, FREINZ, Region 2

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, property development and involvement in the horticultural industry. He believes this puts him in a good position to work with other Board members to ensure the Board achieves the objectives and purposes of the Institute. Philip oversees the Business Brokers Sector Groups and serves on the Documents and Property Committees.

Euon Murrell, FREINZ, Region 3

Euon Murrell has been involved in Real Estate for over 30 years in various roles - salesperson, sales manager, general manager, and company director. Made a Fellow of the Institute in 2012, Euon was a Wellington District President for eight years under the old regime. In 2009, he was elected as Region 3 Director. He is a Director of Esplanade Realty Limited t/a Tommy's Real Estate; a Justice of the Peace; fourth 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, Region 4

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, FREINZ, Region 5

Liz has been a member of the Board since its inception in 2009, and was re-elected in 2013. Now in her 27th year in the industry she 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 and was subsequently elected as Vice President from 2002 to 2005, and President 2005 to 2008. Liz enthusiastically embraces her role in representing Region 5 on the Board and also oversees the Residential Property Managers Sector Group and is a member of the Documents Committee. She became a Fellow of the Institute in August 2013.

Term of Service

Independent and Industry Board Members

The board comprises five elected and four appointed members. Two appointed members must be independent, and one of the industry appointments must be from Region One. These four board members are appointed by an Appointments Panel. Appointments are for a two year period commencing from the AGM, typically held in October each year.

In 2013, one of each of the two categories of appointed Directors retired by rotation. This year, Dame Rosanne Meo (Independent) and Bryan Thomson (Region One member) were re-appointed for further two year terms.

Regional Directors

Five Regional Directors are elected by members. These positions are similarly for a two year term. To maintain a level of continuity on the board and to ensure we are never in a position where all Regional Directors are new in the same year, the Regional Director positions are rotated as follows:

- Region 1, 3 and 5 are rotated in years ending with an odd number,
- Region 2 and 4 are rotated in years ending with an even number.

Elections for the Region 2 and 4 Directors are in progress and any new directors will be declared at the AGM, with their appointment to take effect from the end of the AGM.

Life Members of the Real Estate Institute of New Zealand

We acknowledge the contributions of the following life members

- 1985 *Mervyn Edward Neill*
- 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*
- 2012 *Charles Ross Foreman*
- 2013 *Neville Falconer*
- 2013 *Colin Richardson*



Level 1, Windsor Court,
128 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