

To: Owen McLeod & Co
PO Box 389
HAMILTON

Dear Sirs

re: LETTER OF REPRESENTATION

In connection with your audit of the financial statements of Recreational Aircraft Association of New Zealand Inc. for the year ended 30 September 2008, we recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements fairly reflect the financial position and results of operations for the year.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief:

1. Requirements of Statutes and Accounting Standards

We recognise that we are responsible to take all reasonable steps to ensure that the financial statements give a true and fair view, or have reasonable grounds to believe that a competent and reliable person was charged with that duty.

All statutory obligations have been fulfilled and all transactions are within the powers and rules set out in the Rules/Constitution. Proper accounting records have been maintained.

There have been no violations or possible violations of laws, contracts, regulations, or communications from government departments or commissions, regarding non-compliance with laws or regulations, the effect of which should be considered for provision or disclosure in the financial statements.

The general accounting principles and particular accounting policies are appropriate, accurately described and have been consistently applied with the exception of those changes disclosed in the financial statements.

2. Errors and Irregularities

The Financial Statements are free from material misstatements, including omissions.

All accounting records have been presented to you for audit and all transactions during the period have been properly recorded therein.

We understand that you have examined or tested the records of our organisation and obtained other supporting evidence by methods and to the extent you deemed appropriate for the purposes of expressing an opinion on the financial statements, but that such tests or examination would not necessarily disclose any or all irregularities should any exist.

There have been no irregularities involving management or employees who have a significant role in the accounting and internal control systems or that could have a material effect on the financial report.

3. Minutes

We have made available to you minutes of all the meetings.

4. Accounts Receivable

All accounts receivable including accruals and prepayments are included and properly described in the financial statements. They represent valid claims. Adequate provision has been made for uncollectible debts.

5. Investments

The values at which investments are recorded are reasonable in the light of present circumstances.

6. Fixed Assets

No significant expenditure on additions or improvements has been excluded from fixed assets. Depreciation has been provided on basis, which match the expected economic life of those assets. No significant loss is expected as a result of any asset being withdrawn from service. The effect of all significant sales, disposals or impairments has been reflected in the financial statements.

7. Ownership and Pledging of Assets

Satisfactory title is held for all assets appearing in the Statement of Financial Position. None were specifically or generally assigned, pledged, subject to purchase option or encumbered with lien in any manner at balance date except as disclosed in the financial statements.

8. Liabilities

All known liabilities have been included, including adequate provisions for those disputed or contested, and adequate accruals.

9. Income Tax and Other Taxes

Adequate amounts have been accrued for all unpaid taxes (if applicable).

10. Insurance

The organisation is adequately indemnified by the insurers against all risks which are of an insurable nature, and which having regard to the type of business, the premium payable and this risk involved should reasonably be insured.

11. Related Party Transactions

All significant transactions involving related parties and thereby possible conflicts of interest have been approved by the organisation, which has been fully acquainted with circumstances.

Disclosure of such transactions has been made to the extent required by the relevant Statements of Standard Accounting Practice.

12. Contingent Liabilities

We recognise that the term “contingent liabilities” includes notes and accounts receivable discounted, assigned or sold, endorsements or guarantees, pending law suits, unsatisfied judgements or claims. Where any exist, they have all been disclosed in the financial statements.

No claims or notices of litigation have been or are expected to be received, other than as disclosed in the Financial Statements.

There were no contingent liabilities at balance date other than those already disclosed in the financial statements.

13. Commitments

We recognise that the term “commitments” covers contracts for future expenditure entered into at balance date but which did not represent an actual liability at that date.

There were no commitments at balance date other than those already disclosed in the financial statements.

14. Future Cash Resources

In our opinion adequate cash resources will be available to cover the organisation’s requirements for working capital and capital expenditure for at least the next financial year as based on cash flow forecasts.

15. Subsequent Events

No events or transactions have occurred since balance date which would have a material effect upon the financial statements or which are of such significance as to require mention in the notes to the financial statements in order to make them not misleading as to the financial position. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

Yours faithfully
Recreational Aircraft Association of New Zealand Inc.

Signed By:

.....
Chairperson

.....
Treasurer

/sect.

.....
Name

.....
Name

Recreational Aircraft Association of New Zealand Inc

Financial Statements For the Year Ended 30 September 2008

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Recreational Aircraft Association of New Zealand Inc

Directory **As at 30 September 2008**

PRINCIPAL ACTIVITY	Promotion of Sport of: Building & Flying Recreational Aircraft
BUSINESS LOCATION	Hamilton
AUDITORS	Owen McLeod & Co Ltd 91 Clarence Street Hamilton
BANKERS	ANZ

Recreational Aircraft Association of New Zealand Inc

Statement of Financial Performance For the Year Ended 30 September 2008

2007	%		%	2008
<u>INCOME</u>				
31,689	87.1	Membership Fees	78.0	37,266
1,652	4.5	Interest Received	11.6	5,526
3,047	8.4	Other Income	10.4	4,960
36,388	100.0		100.0	47,752
<u>OPERATING EXPENSES</u>				
100	0.3	Accountancy	0.2	100
9,999	27.5	Administration	26.8	12,777
550	1.5	Audit Fees	1.7	800
1,874	5.2	AGM	0.4	176
1,189	3.3	Bank/Internet Charges	3.2	1,516
118	0.3	C A A Fees	-	-
-	-	Exec. Fees	9.8	4,667
-	-	Loss on disposal of assets	1.2	582
566	1.6	Logbooks	1.4	680
5,441	15.0	Printing & Stationery	0.5	226
1,434	3.9	Postage	1.9	898
10,223	28.1	Recreational Pilot Expenses	13.3	6,329
879	2.4	Subscriptions	1.4	692
327	0.9	Sundry Expenses	2.5	1,210
394	1.1	Telephone, Tolls & Fax	0.7	316
1,505	4.1	Travelling Expenses	8.1	3,847
401	1.1	Workshops - IA	-	-
35,000	96.2		72.9	34,816
<u>STANDING CHARGES</u>				
1,107	3.0	Insurance	3.0	1,450
1,107	3.0		3.0	1,450
36,107	99.2	<u>TOTAL CASH EXPENSES</u>	75.9	36,266
482	1.3	Depreciation	0.8	372
36,589	100.6	<u>TOTAL EXPENSES</u>	76.7	36,638
(201)	(0.6)	<u>NET SURPLUS FOR YEAR</u>	23.3	11,114

The attached notes should be read in conjunction with this statement.

Recreational Aircraft Association of New Zealand Inc

Statement of Movements in Equity For the Year Ended 30 September 2008

2007		2008
49,613	<u>EQUITY AT BEGINNING OF YEAR</u>	49,412
(201)	Net surplus for the year	11,114
(201)	Total recognised Revenues and Expenses For The Year	11,114
49,412		60,526
49,412	<u>EQUITY AT END OF YEAR</u>	60,526

The attached notes should be read in conjunction with this statement.

Recreational Aircraft Association of New Zealand Inc

Statement of Financial Position As at 30 September 2008

2007		2008
	<u>CURRENT ASSETS</u>	
13,156	ANZ Cheque Account	6,080
65,000	ANZ Term Deposits	80,765
405	Accounts Receivable	770
78,561		87,615
	<u>CURRENT LIABILITIES</u>	
1,853	Accounts Payable	3,302
28,130	Subscriptions In Advance	24,708
781	GST Payable	405
30,764		28,415
47,797	<u>WORKING CAPITAL</u>	59,200
	<u>NON-CURRENT ASSETS</u>	
1,615	Fixed assets - as per schedule	1,326
1,615		1,326
49,412	<u>NET ASSETS</u>	60,526
	REPRESENTED BY :	
	<u>EQUITY</u>	
49,412	Retained earnings	60,526
49,412	<u>TOTAL EQUITY</u>	60,526

The attached notes should be read in conjunction with this statement.

Recreational Aircraft Association of New Zealand Inc

Fixed Asset and Depreciation Schedule **For the Year Ended 30 September 2008**

Asset	Cost Price	Book Value 01/10/2007	Additions Disposals	Gain/Loss on Disposal	Capital Profit	---- Depreciation ----			Accum Deprec 30/09/2008	Book Value 30/09/2008
						Mth	Rate	\$		
<u>Furniture & Equipment</u>										
Computer & Screen	870	107	0	(107)						0
Four Drawer Cabinet	195	27	0	(27)						0
Minolta Photocopier	974	134	0	(134)						0
Computer	1,380	232	0	(232)						0
File Binder	554	134				12	22.0% DV	29	449	105
Computer	1,124	82	0	(82)						0
Epson Lazer Printer	956	591				12	20.0% DV	118	483	473
Desk	150	107				12	15.6% DV	17	60	90
Laminator	132	64				12	30.0% DV	19	87	45
Scanner	100	16				12	60.0% DV	10	94	6
Computer Desk	170	121				12	15.6% DV	19	68	102
Computer 08			665			6	48.0% DV	160	160	505
<u>Total Assets</u>	6,605	1,615	665	(582)				372	1,401	1,326

The attached notes should be read in conjunction with this statement.

Recreational Aircraft Association of New Zealand Inc

Statement of Accounting Policies and Notes to the Financial Statements For the Year Ended 30 September 2008

STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Recreational Aircraft Association of New Zealand Inc is an Incorporated Society registered under the Incorporated Societies Act 1908. The financial statements have been prepared in accordance with generally accepted accounting principles.

MEASUREMENT BASE

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed.

DIFFERENTIAL REPORTING

Recreational Aircraft Association of New Zealand Inc is a qualifying entity for the purposes of the Framework for Differential Reporting as it is not publicly accountable and the entity is not large as defined under the Framework for Differential Reporting. Advantage has been taken of all the exemptions.

1. PARTICULAR ACCOUNTING POLICIES

GOODS AND SERVICES TAX

Recreational Aircraft Association of New Zealand Inc is registered for GST and the financial statements are prepared on a GST exclusive basis.

ACCOUNTS RECEIVABLE

Accounts Receivable are valued at their estimated realisable value.

FIXED ASSETS

Fixed Assets are initially recorded at cost less aggregate depreciation and have not been revalued.

DEPRECIATION

In accordance with the frame work for differential reporting, depreciation has been charged at the maximum rates permitted by the Income Tax Act 2004.

INCOME

Subscriptions and other income is recorded as received. Subscriptions for future years are recorded as subscriptions in advance.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies.

All policies have been applied on a basis consistent with those used in previous years.

Recreational Aircraft Association of New Zealand Inc

Statement of Accounting Policies and Notes to the Financial Statements For the Year Ended 30 September 2008

2. NOTES TO THE ACCOUNTS

RELATED PARTIES

There are no related parties transactions.

COMMITMENTS

Recreational Aircraft Association of New Zealand Inc has no capital commitments at balance date. (2007 Nil).

CONTINGENT ASSETS & LIABILITIES

Recreational Aircraft Association of New Zealand Inc has no contingent liabilities of a material nature that are not disclosed in the accounts. (2007 Nil)

SIGNIFICANT EVENTS AFTER BALANCE DATE

No significant events have occurred after balance date which have a significant effect on Recreational Aircraft Association of New Zealand Inc.