



New Zealand Gazette

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THE WAIKATO COMMUNITY TRUST INCORPORATED

FINANCIAL STATEMENTS

PURSUANT TO SECTION 13 OF THE
COMMUNITY TRUSTS ACT 1999

THE WAIKATO COMMUNITY TRUST INCORPORATED**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

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THE WAIKATO COMMUNITY TRUST INCORPORATED**DIRECTORY****FOR THE YEAR ENDED 31 MARCH 2012**

PRINCIPAL ACTIVITIES: Investment and Donations

TRUSTEES: Baddeley, Clint (*Chair*)
Barriball, Peggy
Flowers, Lynnette (*Appointed 1 June 2011*)
Gillespie, John
Hosking, Bruce (*Investment Committee Chair*)
McConnell, Angus (*Retired 31 May 2011*)
Muru, Judith
Nuri, Niwa (*Appointed 1 June 2011*)
Paenga, John
Roa, Pamela
Sporle, Raewyn
Tan, Fee-Ching
Van der Heyden, Ali (*Deputy Chair*)
Viggers, Maxine
Yates, Dianne

CHIEF EXECUTIVE: Gatenby, Bev**SECRETARY:** Balme, Geoff**ACCOUNTANTS:** PricewaterhouseCoopers
Hamilton**AUDITORS:** KPMG
Hamilton**BANKERS:** Westpac Limited
Hamilton

THE WAIKATO COMMUNITY TRUST INCORPORATED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2012

	Notes	2012 NZ\$'000	2011 NZ\$'000
Revenue	2	10,682	10,182
Realised and Unrealised Gains / (Losses)	3	5,746	10,842
Donations	4	(6,542)	(7,398)
Non Cash Donations		(1)	-
Audit Fees		(19)	(18)
Depreciation	11	(75)	(88)
Employee Remuneration		(584)	(510)
Fund Management Services		(1,224)	(947)
Investment Advisory Services		(200)	(200)
Other Expenses		(559)	(475)
Sponsorships		(189)	(185)
Trustee Fees	17	(227)	(208)
SURPLUS FROM OPERATIONS		6,808	10,995
Being Total Comprehensive Income for the year			
Total Comprehensive Income has been applied to:			
Trust Funds		6,808	10,995
		6,808	10,995

THE WAIKATO COMMUNITY TRUST INCORPORATED**STATEMENT OF CHANGES IN TRUST FUNDS
FOR THE YEAR ENDED 31 MARCH 2012**

	2012	2011
	NZ\$'000	NZ\$'000
TRUST FUNDS AS AT 1 APRIL	254,737	243,742
Surplus for the year:	6,808	10,995
Total Comprehensive Income	6,808	10,995
TRUST FUNDS AS AT 31 MARCH	261,545	254,737

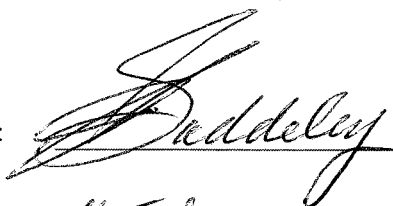
THE WAIKATO COMMUNITY TRUST INCORPORATED

BALANCE SHEET
AS AT 31 MARCH 2012

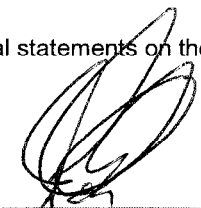
	Notes	2012 NZ\$'000	2011 NZ\$'000
EQUITY			
Trust Funds		261,545	254,737
TOTAL EQUITY		261,545	254,737
CURRENT LIABILITIES			
Trade and Other Payables	5	355	265
Donations Payable	6	1,255	1,480
Employee Entitlements	7	45	35
Derivative Financial Instruments at Fair Value Through Profit or Loss		-	1,550
		1,655	3,330
TOTAL EQUITY AND LIABILITIES		263,200	258,067
CURRENT ASSETS			
Cash and Cash Equivalents	8	877	397
Trade and Other Receivables	9	37	26
Derivative Financial Instruments at Fair Value Through Profit or Loss		539	-
		1,453	423
NON CURRENT ASSETS			
Financial Assets at Fair Value through Profit or Loss	10	257,485	253,518
Property, Plant and Equipment	11	2,735	2,746
Sport Waikato Loan	12	1,332	1,222
Database Loan	13	195	158
		261,747	257,644
TOTAL ASSETS		263,200	258,067

For and on behalf of the Trustees, who authorised the issue of these financial statements on the date shown below:


Trustee:



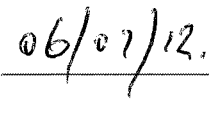
Trustee:



Date:



Date:



These financial statements must be read in conjunction with the notes on pages 8 to 32

THE WAIKATO COMMUNITY TRUST INCORPORATED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012**

	Notes	2012 NZ\$'000	2011 NZ\$'000
CASH FLOW FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Interest		27	3
Other Income		3	25
Realisation of Financial Assets at Fair Value through Profit and Loss (net)		9,390	9,630
		9,420	9,658
<i>Cash was applied to:</i>			
Payments to Suppliers and Employees		(2,069)	(1,782)
Donations Paid		(6,767)	(7,398)
		(8,836)	(9,180)
Net Cash provided/(used in) by Operating Activities	15	584	478
CASH FLOW FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Sale of Property, Plant and Equipment		-	10
		-	10
<i>Cash was applied to:</i>			
Purchase of Property, Plant and Equipment		(67)	(135)
Database Loan		(37)	(58)
		(104)	(193)
Net Cash (used in)/provided by Investing Activities		(104)	(183)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and Cash Equivalents at the Beginning of the Financial Year		397	102
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	877	397

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

1. STATEMENT OF ACCOUNTING POLICIES**1.1 Reporting Entity**

The Waikato Community Trust Incorporated is a not for profit charitable trust incorporated and domiciled in New Zealand. Its principal activities are the investment and maintenance of the Trust capital and the provision of donations to community groups in the wider Waikato area. Accordingly, The Waikato Community Trust is designated as a Public Benefit Entity for purposes of New Zealand Equivalents to International Financial Reporting Standards.

The Trust Bank Waikato Community Trust was established under the Trustee Banks Restructuring Act 1988 and subsequently the Community Trusts Act 1999. The Trust Bank Waikato Community Trust Deed was executed on 30 May 1988 and the Trust was incorporated on 5 August 1988. The name of the Trust was changed to The Waikato Community Trust Incorporated in December 1997. The Trust operates as Trust Waikato.

The financial statements were authorised for issue by the Trustees on 6 July 2012.

1.2 Statement of Compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP') and The Incorporated Societies Act 1908. They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate for Public Benefit Entities.

1.3 Basis of Preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain assets, as identified in the specific accounting policies below, which are stated at their fair value.

1.4 Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with NZ IFRS requires the use by management of certain critical accounting estimates, judgements and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and judgements are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. In the process of applying the Trust's accounting policies management have made judgements regarding whether or not discretionary donations are payable at year end or if discretionary donations are contingent liabilities at year end. This potentially has a significant effect on the amounts recognised in the financial statements. Donations payable are discretionary donations where there are no significant conditions attached to the donation at balance date or where the significant conditions attached to the donation have been met at balance date. Donations that are classified as contingent liabilities at year end are discretionary donation obligations at balance date that are reliant on additional funding or have other significant conditions attached to them to go ahead with a specified project. Refer to note 6 for the donations payable at 31 March 2012 and note 4 for the donation expense reconciliation.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

In determining the fair value of the interest free loan to Sport Waikato, management have used the market rate for a five year fixed interest loan at the loan drawdown date in August 2008. The rate used affects the carrying value of the loan and the fair value adjustment reflected in the Statement of Comprehensive Income. Refer to note 12 for the carrying value of the loan at 31 March 2012.

The fair value of derivative financial instruments is determined based on observable market rates. Refer to note 16 for the carrying value of these instruments as at 31 March 2012.

1.5 Changes in accounting policy and disclosures

New and amended standards adopted by the Trust.

NZ IAS 24 Related party transactions (revised)

This amendment clarified and simplified the definition of a related party. It did not have an impact on the related party disclosures presented in note 21.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Trust:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be applied initially in the financial year ending
NZIFRS 9 Financial Instruments	1 January 2015	31 March 2016
NZIFRS Fair value measurement	1 January 2013	31 March 2014

The above amendments will not have a significant impact on the financial statements.

Other standards/interpretations that are not included above are not relevant to the Trust.

1.6 Specific Accounting Policies

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

1.6.1 Revenue Recognition

1.6.1.1 Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established. Interest revenue is recognised on a time proportionate basis using the effective yield on the financial asset.

1.6.1.2 Rental revenue

Rents (net of any incentives) are recognised on a straight line basis over the lease term.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

1.6.2 Trade, Donations and Other Payables

Trade payables and other payables are recognised at fair value when the Trust becomes obliged to make future payments resulting from the purchase of goods and services. Subsequent to initial recognition, trade payables and other payables are recorded at amortised cost. Given the nature of these liabilities, amortised cost equals their notional principal.

Donations payable are discretionary donations where there are no significant conditions attached or where the significant conditions attached to the donations have been met at balance date. Subsequent to initial recognition, donations payable are recorded at amortised cost. Given the nature of these liabilities, amortised cost equals their notional principal.

1.6.3 Employee Entitlements

Provision is made for wages and salaries, including non monetary benefits, annual leave and accumulating sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions in respect of employee entitlements expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Provisions made in respect of employee entitlements not expected to be settled within 12 months are measured at the present value of the estimated cash outflows to be made in respect of services provided up to the reporting date.

Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

1.6.4 Donations

Donations made are included in the Statement of Comprehensive Income when the donation is approved by the Trustees, the donee has been notified and when all significant conditions attached to the donation have been met.

1.6.5 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash in banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

1.6.6 Financial Assets and Liabilities**1.6.6.1 Investments**

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. Investments are initially measured at fair value.

1.6.6.2 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held to maturity' investments, 'available for sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

1.6.6.3 Financial assets at fair value through profit or loss

The Trust classifies its investments as financial assets at fair value through profit or loss. These financial assets are designated by management at fair value through profit or loss at inception. Derivatives are also classified as financial assets at fair value through profit or loss.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Trust's documented investment strategy and information is provided internally to key management personnel on that basis.

Regular-way purchases and sales of investments are recognised on the trade date, being the date on which the Trust commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Trust has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the Statement of Comprehensive Income. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are presented in the Statement of Comprehensive Income in the period in which they arise. Interest income from financial assets at fair value through profit or loss is recognised in the Statement of Comprehensive Income within interest income using the effective interest method. Dividend income from financial assets at fair value through profit or loss is recognised in the Statement of Comprehensive Income within dividend income when the Trust's right to receive payments is established.

Derivatives that do not qualify for hedge accounting and are accounted for at fair value through profit or loss are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. Changes in the fair value are recognised immediately in the Statement of Comprehensive Income within realised and unrealised gains/(losses).

1.6.6.4 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Trust's loans and receivables comprise 'trade and other receivables', the Sport Waikato loan and the Database loan.

Loans and receivables are initially recognised at fair value plus transaction costs. The fair value of long term receivables or loans that are interest free or have interest rates below market values is estimated using the present value of all future cash flow receipts discounted using the prevailing market rate of interest for similar instruments with a similar credit rating. After initial recognition, loans and receivables are carried at amortised cost using the effective interest method less impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period, to the net carrying amount of the financial asset.

The Trust assesses at each balance sheet date whether there is objective evidence that a loan or receivable is impaired.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

1.6.6.5 Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.6.6.6 Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount of the financial liability.

1.6.7 Derivative Financial Instruments

The base currency of the international equity portfolio is New Zealand dollars. Where possible, the Trust uses hedged pooled funds to hedge currency exposures back to the New Zealand dollar. Where no suitable hedged pool fund is available, the Trust uses forward exchange contracts managed by the BNZ to reduce the Trust's currency exposure to foreign currency denominated investments.

Further details of derivative financial instruments are disclosed in note 16 to the financial statements.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the Statement of Comprehensive Income immediately.

1.6.7.1 Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Trust Waikato does not apply hedge accounting.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

1.6.8 Property, Plant and Equipment

Land is valued at cost. Buildings, office equipment, art and artefacts, and motor vehicles are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition. Art and artefacts are recognised at cost except for donated items acquired at nil or below market value which are recognised at fair value with the corresponding value recognised in the Statement of Comprehensive Income.

Depreciation is provided on property, plant and equipment, art and artefacts, including freehold buildings but excluding land.

Depreciation on buildings, office equipment and motor vehicles is calculated on a diminishing value basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the diminishing value method. Art and artefacts are depreciated using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Rental property is included in property, plant and equipment in accordance with NZ IFRS as the rental property is held to provide a social service rather than for rental income or capital appreciation or both.

The following estimated useful lives are used in the calculation of depreciation:

Office Equipment	3-25 years
Motor Vehicles	7 years
Buildings	5-75 years
Art and Artefacts	100 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Trust and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Refer to note 1.6.10 below for the accounting policy on impairment of tangible assets.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within other income or other expenses.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012****1.6.9 Cash Flows**

Cash flows from operating activities are presented using the direct method.

Definition of terms used in the cash flow statement:

- Cash means cash on deposit with banks net of outstanding bank overdrafts.
- Investing activities comprise the purchase and sale of property, plant and equipment. Cash flows with the Realisation of Financial Assets at Fair Value Through Profit or Loss are included in operating activities.
- Financing activities comprise the change in equity of the Trust.
- Operating activities include all transactions and events that are not investing or financing activities.

1.6.10 Impairment of other Tangible Assets

At each reporting date the Trust reviews the carrying amounts of its tangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Trust estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash generating units, or allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6.11 Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST. The net amount of GST recoverable from or payable to Inland Revenue is included as part of receivables or payables. The GST component of cash flows arising from investing and financing activities which is recoverable from or payable to Inland Revenue is classified as operating cash flows.

1.6.12 Taxation

Income derived by the Trust is exempt income under Section CW52 of the Income Tax Act 2007.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

1.6.13 Currency Translation**1.6.13.1 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in New Zealand dollars, which is the Trust's functional and presentation currency, rounded to the nearest thousand dollars.

1.6.13.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Translation differences on non-monetary financial assets and liabilities carried at fair value are included in the Statement of Comprehensive Income for the period.

1.6.14 Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Payments under operating leases are recognised in the Statement of Comprehensive Income on a straight line basis over the term of the lease.

1.6.14.1 Entity as lessor

Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recognised at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

When assets are leased under an operating lease, the asset is included in property, plant and equipment in the Balance Sheet based on the nature of the asset. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment.

THE WAIKATO COMMUNITY TRUST INCORPORATED
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**
2. REVENUE
Comprises:

Dividends
Interest
Rent
Other Income

2012 NZ\$'000	2011 NZ\$'000
7,657	6,706
3,001	3,447
22	22
2	7
10,682	10,182

3. REALISED AND UNREALISED GAINS / (LOSSES)

Gains / (Losses) on Financial Assets at Fair Value Through Profit or Loss
Gains / (Losses) on Derivative Financial Instruments at Fair Value
Through Profit or Loss

2012 NZ\$'000	2011 NZ\$'000
2,877	8,593
2,869	2,249
5,746	10,842

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

4. DONATIONS

On 24 April 2012 the *Waikato Times* published a list totalling \$7,088,150 which showed the donations approved by the Trust during the year ended 31 March 2012.

	\$
Total donations published in the <i>Waikato Times</i>	7,088,150
Less: Future conditional commitments included in above:	
Cambridge - Rotorua Live Steamers Inc	5,000
Coromandel Heritage Trust	55,000
Matahuru Papakainga Committee	50,000
Mesh Sculpture Hamilton	15,000
Order of St John - Te Kauwhata	64,000
Order of St John Tainui (Mokau)	30,000
Order of St John - Putaruru	40,000
Philips Search and Rescue Trust	75,000
St Mark's Church	100,000
Taumaranui Netball Centre	10,000
Tauwhare School Board of Trustees	10,000
Waitetuna School	5,000
	<u>459,000</u>
Add: Past conditional commitments paid during year:	
Motiti Marae	12,000
Stanley Avenue School	10,000
Te Ohaaki Marae - Huntly	30,000
Te Papatapu Marae	60,000
Te Whanau Putahi	50,000
	<u>162,000</u>
Less: Payment of donations payable at beginning of year	
Community Waikato	500,000
Music and Arts Waikato Trust	300,000
Sport Waikato - SportsForce	680,000
	<u>1,480,000</u>
Add: Donations approved during the year and payable at end of year	
Community Waikato	500,000
Music and Arts Waikato Trust	75,000
Sport Waikato - SportsForce	680,000
	<u>1,255,000</u>

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

Less: Donations refunded during the year

Fuel Festival Trust	5,000
Hamilton Children and Families Trust	750
Maniapoto Netball Association Inc	228
Matamata Primary School	1,000
National Foundation for the Deaf Inc	3,000
South Waikato Achievement Trust	5,000
Tairua Indoor Pool Feasibility Study Committee	2,000
Te Kopua Marae Committee	1,000
Toy Library - Te Aroha	750
Upper Central Zone of NZ Rugby League Inc	5,040
	<u>23,768</u>
Total donations for the year shown in the Statement of Comprehensive Income	<u>6,542,382</u>

A full list of donations is available on request from the Trust office, or at www.trustwaikato.co.nz

The non-cash donation recorded in the Statement of Comprehensive Income was a gifted artwork.

5. TRADE AND OTHER PAYABLES

Accounts Payable
Accrued Expenses

2012	2011
NZ\$'000	NZ\$'000
65	88
290	177
<u>355</u>	<u>265</u>

Accounts payable and accrued expenses are non interest bearing and are normally settled on 30-day terms. Therefore the carrying value of accounts payable approximates their fair value.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012****6. DONATIONS PAYABLE**

Donations

2012 NZ\$'000	2011 NZ\$'000
1,255	1,480
1,255	1,480

Donations payable are non interest bearing and are normally settled within 12 months. Therefore the carrying value of donations payable approximates their fair value.

7. EMPLOYEE ENTITLEMENTS

Holiday Pay

2012 NZ\$'000	2011 NZ\$'000
45	35
45	35

All employee entitlements are payable within 12 months.

8. CASH AND CASH EQUIVALENTS

Cash at Bank and On Hand

2012 NZ\$'000	2011 NZ\$'000
877	397
877	397

The carrying value of cash at bank and on hand approximates their fair value.

THE WAIKATO COMMUNITY TRUST INCORPORATED
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**
9. TRADE AND OTHER RECEIVABLES

GST
Other Receivables

2012 NZ\$'000	2011 NZ\$'000
11	24
26	2
37	26

The carrying value of trade receivables approximates their fair values.

**10. FINANCIAL ASSETS AT FAIR VALUE
THROUGH PROFIT OR LOSS**
Growth Assets

	2012 Strategic Allocation %	2012 NZ\$'000	2011 Strategic Allocation %	2011 NZ\$'000
Global Equities	25	67,515	25	68,504
Australasian Equities	15	40,551	15	39,738
Unlisted Property	10	26,242	10	25,550
Infrastructure	10	20,417	10	1,851

Income Assets

	2012 Strategic Allocation %	2012 NZ\$'000	2011 Strategic Allocation %	2011 NZ\$'000
Global Fixed Interest	25	64,287	25	74,806
New Zealand Fixed Interest	10	25,882	10	26,368
New Zealand Cash	5	12,591	5	16,701
	100	257,485	100	253,518

The basis of the fair value of financial instruments has been disclosed in Note 16.

THE WAIKATO COMMUNITY TRUST INCORPORATED
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**
11. PROPERTY, PLANT AND EQUIPMENT
2012

	NZ\$'000					
	OPENING COST	ADDITIONS/ (DISPOSALS)	ACCUMULATED DEPRECIATION	DEPRECIATION EXPENSE	GAIN/(LOSS) ON DISPOSAL	BOOK VALUE
Office Equipment	273	(56)	173	15	(3)	44
Motor Vehicle	105	-	79	15	-	26
Art & Artefacts	1,047	56	47	11	-	1,056
Buildings	1,216	2	453	34	-	765
Land	844	-	-	-	-	844
	3,485	2	752	75	(3)	2,735

2011

	NZ\$'000					
	OPENING COST	ADDITIONS/ (DISPOSALS)	ACCUMULATED DEPRECIATION	DEPRECIATION EXPENSE	GAIN/(LOSS) ON DISPOSAL	BOOK VALUE
Office Equipment	266	5	218	17	-	53
Motor Vehicle	92	13	63	23	-	42
Art & Artefacts	962	85	37	10	-	1,010
Buildings	1,216	-	419	37	-	797
Land	844	-	-	-	-	844
	3,380	103	737	88	-	2,746

- (i) There are no items of property, plant, and equipment which are not in current use.
- (ii) There have been no impairment losses recognised or reversed in the current period.
- (iii) There are no restrictions in title relating to property, plant, and equipment or items pledged as security for liabilities.

The carrying value of rental properties which is included in buildings above has been disclosed in note 19.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

12. SPORT WAIKATO LOAN

The loan to Sport Waikato is secured by a first ranking General Security Agreement (GSA) in favour of the Trust over all of Sport Waikato's present and after-acquired property with a first priority amount of no less than \$2,000,000 and by a first mortgage over Sport Waikato's leasehold estate and interest in their site at Wintec. The loan is interest free and repayable in one lump sum by 19 August 2013. The loan balance is made up as follows:

	2012	2011
	NZ\$'000	NZ\$'000
Loan Principal	1,500	1,500
Fair Value Adjustment on Initial Recognition of Interest Free Loan	(525)	(525)
Cumulative Notional Interest	357	247
	1,332	1,222

The above loan carrying value is calculated using the market interest rate at the time of the loan drawdown. The fair value of the Sport Waikato loan at balance date is \$1,387,319 (2011: \$1,290,866). The cumulative notional interest is calculated at 9% which was the rate used when the fair value of the loan was calculated at inception. The fair value calculation is based on the 1.5 year (2011: 2.5 year) bank loan rate of 5.8% (2011: 6.5%).

13. DATABASE LOAN

The Trust and ten of the other eleven Community Trusts established under the 1988 Trustee Bank Restructuring Act have combined resources to own and operate an integrated donation management and financial management information system. The system has been implemented and once final development is completed will be owned and operated by a limited partnership named Te Kete Putea Limited Partnership (TKPLP), which is likely to be established in the first half of the new financial year. The total cost of the project is \$2,380,000. The Trust's contribution to these costs is 8.2%.

The capital of the limited partnership will consist of 10,000 units and each Trust will hold units broadly in proportion to its audited capital at 31 March 2008. The Trust will hold 820 units. The value of each unit has been determined at \$238.22. Until such time as TKPLP has been established, ASB Community Trust (ASBCT) is entering into project contracts with vendors on behalf of the Trusts and meeting the funding requirements for the project in terms of a letter of indemnity from each of the participating Trusts. The contracts with the vendors provide for the contracts to be novated to TKPLP once it becomes established.

The Trust has met its funding proportion for the project by way of a loan to ASBCT, which has agreed to undertake the work on the project and incur the project commitments. The Trust has granted an indemnity in favour of ASBCT in respect of such commitments. This loan, shown in the Trust's Balance Sheet, is unsecured and interest free. On the formation of TKPLP, the loan from the Trust will be extinguished by being retained and applied by ASBCT towards the Trust's capital contribution to TKPLP.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012****14. CONTINGENT LIABILITIES AND COMMITMENTS****14.1 Contingent Liabilities**

The following contingent liabilities exist for donations that have been approved in the current or previous years, which are subject to the fulfilment of certain conditions in future years.

	2012	2011
	NZ\$'000	NZ\$'000
Total Contingent Liabilities	3,582	4,512
Subject to fulfilment of the conditions, the contingent liabilities are payable as follows:		
Not later than 1 year	851	693
Later than 1 year and not later than 5 years	2,731	3,819
	3,582	4,512

14.2 Commitments

The Trust has made a commitment to invest \$8,000,000 in an infrastructure investment fund. To date \$1,822,000 has been invested in funds of this type. The balance of \$6,178,000 will be invested if the fund manager identifies suitable investment vehicles (2011: \$6,178,000). It is expected that \$450,000 will be called upon during the 2014 financial year. The investment will be funded by realising other investments currently held by the Trust.

THE WAIKATO COMMUNITY TRUST INCORPORATED
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**
**15. RECONCILIATION OF SURPLUS FOR THE PERIOD
TO NET CASH FLOWS FROM OPERATING ACTIVITIES**
SURPLUS FOR THE YEAR
Adjust for Non-Cash Items:

(Profit) / loss on Sale of Property, Plant and Equipment

Non cash donation

Depreciation

Notional Interest on Interest Free Loan

Impact of Changes in Net Assets and Liabilities:

(Increase) / decrease in Trade and Other Receivables

(Increase) / decrease in Financial Assets at FVTPL *

Increase / (decrease) in Trade and Other Payables

Increase / (decrease) in Donations Payable

Increase / (decrease) in Employee Entitlements

Net Cash Inflow From Operating Activities

2012 NZ\$'000	2011 NZ\$'000
6,808	10,995
3	(6)
1	
75	88
(110)	(101)
(31)	(19)
(11)	(16)
(6,057)	(10,585)
90	91
(225)	-
10	12
(6,193)	(10,498)
584	478

* FVTPL is Fair Value Through Profit or Loss

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

16. FINANCIAL INSTRUMENTS**16.1 Capital Risk Management**

The Trust Bank Waikato Community Trust was incorporated on 5 August 1988 with Trust capital of \$21,316,622. Following the sale of the Trust's shares in Trust Bank New Zealand Limited in April 1996, the Trustees agreed that the value of the Trust at that time should be maintained for the benefit of current and future generations living in the Waikato region. For this purpose the Trustees agreed that \$169,800,000 would be considered as the initial capital of the Trust and increased each year to reflect growth due to inflation and regional growth.

The Trust's objective when managing Trust capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for the community. The Trust Board reviews the Trust funds and the risks associated with the Trust funds.

The Trustees have adopted an investment strategy with a targeted long term annual rate of return of 7.5% (2011: 7.6%) of the Trust's capital value. Recognising that actual returns are likely to fluctuate from year to year, the Trust retains the variation from the target in Trust funds so that in years when investment returns are less than the target sufficient funds are available to meet expenditure and make donations. If the Trust fund falls below the value that needs to be maintained for the benefit of current and future generations the levels of expenditure and donations are reviewed by the Trust.

The Trust's present donation policy is to distribute annually as donations, 4% (2011: 4%) of the Trust fund value that should be maintained for the benefit of current and future generations. The Trustees recognise that for a number of reasons this might not always be achievable and that there will be inevitable fluctuations between the donations distributed and the actual target.

The Trust uses the services of an investment advisor to pursue an investment policy considered appropriate for the Trust. The Trust selects fund managers according to their style and specialist skills.

16.2 Financial Risk Management

The Trust's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and equity price risk), credit risk and liquidity risk.

The Trust has policies to manage the risks associated with financial instruments. The Trust is risk averse and seeks to minimise exposure from its treasury activities. The Trust has established investment policies. These policies do not allow the Trust to enter into any transactions that are speculative in nature.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 1 to the financial statements.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

16.3 Market Risk

Market risk is the risk that the fair value of future cash flows from financial assets and liabilities will fluctuate due to changes in market variables such as foreign currency exchange rates, interest rates and equity prices. Market risk is managed and minimised by ensuring that all investment activities are undertaken in accordance with the investment strategies and policies set out by the Trust.

16.3.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial assets. The Trust holds investments in domestic and global bonds. The Trust's investments in global bonds are held in pooled funds. In determining the volatility factor for interest rate risk, the Trust has analysed the average annual absolute movement in the yields of 10 year New Zealand and US Government bonds. US Government bonds were used as a proxy for global bond markets. Based on this, the Trust has adopted a volatility factor for interest rate risk of 0.80% for the Trust's cash, domestic bond and global bond portfolios.

16.3.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Trust is exposed to currency risk both directly through investments denominated in a foreign currency and also indirectly where investment funds invest in foreign currency securities.

The Trust's usual practice is to hedge close to 100% of its foreign exchange risk by using a separate currency overlay or investing in a hedged pool. The Trust may choose to vary its hedging position when there is strong evidence that the currency appears to be in an extreme position. At such a time the variation will not go below 50% hedging of all foreign exposure. Such forward exchange contracts have the economic effect of converting foreign currency denominated balances into New Zealand Dollars. These forward exchange contracts are not treated as hedges for accounting purposes.

In determining the volatility factor for currency risk the Trust has examined the average absolute divergence between the unhedged and hedged annual returns of the MSCI World Index ex Australia (in NZ Dollar terms) over the past 10 years. Based on this, Trust Waikato has adopted a volatility factor for currency risk of 14% for the unhedged portion of the Trust's global investments.

At balance date the Trust's exposure to currency risk was as follows:

Financial assets with currency exposure
Hedged currency exposure as at 31 March
Unhedged currency exposure at 31 March

Unhedged currency exposure

USA and Canada
United Kingdom and Europe
Australia
Japan
Unhedged currency exposure at 31 March

	2012	2011
	NZ\$'000	NZ\$'000
Financial assets with currency exposure	184,249	179,111
Hedged currency exposure as at 31 March	(167,615)	(172,451)
Unhedged currency exposure at 31 March	16,634	6,660
Unhedged currency exposure		
USA and Canada	6,849	-
United Kingdom and Europe	3,250	-
Australia	5,490	6,660
Japan	1,045	-
Unhedged currency exposure at 31 March	16,634	6,660

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

16.3.3 Price Risk

The Trust is exposed to price risk. This arises from investments held by the Trust and classified as financial assets at fair value through profit or loss comprising New Zealand equities, global equities, direct property and infrastructure investments.

In determining the volatility factor for price risk the Trust has examined the average market return over the past 10 years for each of the investment classifications. Based on this, Trust Waikato has adopted the following volatility factors for price risk for the Trust's investments: New Zealand equities 18%, global equities 23%, direct property 12% and infrastructure investments 10%.

The following table summarises the sensitivity of the Trust's financial assets and liabilities to interest rate risk, foreign exchange risk and other price risk.

	Volatility Factor	Volatility Impact	Volatility Factor	Volatility Impact
	2012	2012	2011	2011
		NZ\$'000		NZ\$'000
Interest rate risk	0.8%	822	0.8%	943
Currency risk (including DFI *)	14%	2,329	14%	932
Price risk:				
NZ Equities	18%	6,211	18%	5,641
Global Equities	23%	16,919	23%	17,688
Direct Property	12%	3,149	12%	3,066
Infrastructure	10%	2,042	10%	185
Total Risk		31,472		28,455

* Derivative Financial Instruments

16.4 Credit Risk Management

Credit risk is the risk that a third party will default on its obligation to the Trust, causing the Trust to incur a loss.

The Trust's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash equivalents (note 8), other financial assets at fair value through profit or loss (note 10), trade and other receivables (note 9), the Sport Waikato loan (note 12), and the Database loan (note 13).

The Trust's arrangements with fund managers limit the amount of credit exposure to any one institution. The Trust has processes in place to review the credit exposure and credit quality of funds prior to the funds being deposited with financial institutions.

Due to the timing of its cash inflows and outflows, the Trust invests surplus cash with registered banks. The Trust policy for term deposits requires that deposits are placed with financial institutions registered under the Reserve Bank of New Zealand Act 1989 that have an investment grade credit rating of AA- or higher from Standard and Poor's.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

The Trust manages credit concentration risks through:

- a diversified and non-correlated basket of investments across traditional and alternative classes
 - selecting diverse fund managers
 - ensuring compliance with the individual mandate requirements of each fund manager, where applicable.
- The Trust's investment advisors and management review the portfolio for compliance against each investment mandate on a regular basis and report findings to the Trust's Board of Trustees.

16.5 Liquidity Risk Management

Liquidity risk is the risk that the Trust will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the ability to close out market positions.

In meeting its liquidity requirements, the Trust maintains a level of investments that can be converted into cash at short notice.

Liquidity Risk Tables - Financial Liabilities

The following tables detail the Trust's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Trust can be required to pay. The table includes both principal and interest cash flows.

Not later than 1 Month NZ\$'000	1 - 3 Months NZ\$'000	Total NZ\$'000
---------------------------------------	--------------------------	-------------------

2012

Non Interest Bearing Payables

- Trade and Other Payables	355	-	355
- Donations Payable	1,255	-	1,255
- Derivatives at Fair Value Through Profit or Loss	-	-	-
	1,610	-	1,610

2011

Non Interest Bearing Payables

- Trade and Other Payables	265	-	265
- Donations Payable	1,480	-	1,480
- Derivatives at Fair Value Through Profit or Loss	-	1,550	1,550
	1,745	1,550	3,295

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

16.6 Fair Value of Financial Instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Trust is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of the instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers between level 1 and 2 in the period.

	2012			Total
	Level 1	Level 2	Level 3	
Assets	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
Financial assets at fair value through profit or loss	210,826	-	46,659	257,485
Derivatives at Fair Value Through Profit or Loss	-	539	-	539

	2011			Total
	Level 1	Level 2	Level 3	
Assets	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
Financial assets at fair value through profit or loss	226,117	0	27,401	253,518
Derivatives at Fair Value Through Profit or Loss	-	(1,550)	-	(1,550)

Level 3 Hierarchy

Financial Assets at Fair Value Through Profit or Loss	
Balance at 1 April	
Plus Additional Investments	
Less Realisation of Investments	
Realised/ Unrealised Gains/(Losses) Recognised in the Statement of Comprehensive Income	
Dividend Income	
Management Fees Recognised in the Statement of Comprehensive Income	
Balance at 31 March	

	2012	2011
	NZ\$'000	NZ\$'000
Balance at 1 April	27,401	-
Plus Additional Investments	17,300	26,243
Less Realisation of Investments	-	-
Realised/ Unrealised Gains/(Losses) Recognised in the Statement of Comprehensive Income	817	820
Dividend Income	1,417	377
Management Fees Recognised in the Statement of Comprehensive Income	(276)	(39)
Balance at 31 March	46,659	27,401

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

17. MEETING ATTENDANCE

The Trust held 20 formal meetings during the year. The following table records each Trustee's attendance at these formal meetings:

Trustee	Meeting Attendance	Honorarium \$	Meeting Fees \$	Total \$
Baddeley, Clint (<i>Chair</i>)	19	11,400	27,295	38,695
Barriball, Peggy	19	3,070	9,380	12,450
Flowers, Lynnette (<i>Appointed 1 June 2011</i>)	15	3,070	10,968	14,038
Gillespie, John	19	3,070	8,890	11,960
Hosking, Bruce (<i>Investment Committee Chair</i>)	20	4,070	22,815	26,885
McConnell, Angus (<i>Retired 31 May 2011</i>)	2	768	945	1,713
Muru, Judith	18	3,070	7,455	10,525
Nuri, Niwa (<i>Appointed 1 June 2011</i>)	14	3,070	10,513	13,583
Paenga, John	18	3,070	10,500	13,570
Roa, Pamela	20	3,070	13,370	16,440
Sporle, Raewyn	19	3,070	9,520	12,590
Tan, Fee-Ching	20	3,070	8,785	11,855
Van der Heyden, Ali (<i>Deputy Chair</i>)	19	5,846	10,875	16,721
Viggers, Maxine	20	3,070	9,730	12,800
Yates, Dianne	20	3,070	9,695	12,765
Total Remuneration				226,590

In addition during the year Trustees were required as part of their role to attend a number of both formal and informal meetings to represent the Trust. During the year the Trustees and Trust staff were invited to 209 separate formal and informal meetings and functions. The Trust was able to achieve representation at approximately 169 of these meetings and functions.

18. CONFLICTS OF INTEREST

During the year Trustees and staff were required to declare when they had either a direct or indirect conflict of interest in a matter being considered by the Trust. During the course of the year, 69 such interests were recorded (2011: 66). A register of those interests is available for inspection at the Trust.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012****19. OPERATING LEASE ARRANGEMENTS****The Trust as Lessee****Non - cancellable operating lease payable**

Not longer than 1 year	4	-
Longer than 1 year and not longer than 5 years	6	-
Longer than 5 years	-	-
	10	-

2012 NZ\$'000	2011 NZ\$'000
4	-
6	-
-	-
10	-

The Trust leases a photocopier under a non cancellable lease arrangement. The lease term is for four years. The lease expense is charged to the Statement of Comprehensive Income.

The Trust as Lessor**Non - cancellable operating lease receivable**

Not longer than 1 year	22	11
Longer than 1 year and not longer than 5 years	32	-
Longer than 5 years	-	-
	54	11

2012 NZ\$'000	2011 NZ\$'000
22	11
32	-
-	-
54	11

The operating lease receivable relates to the building owned by the Trust at 87 Boundary Road, which is included in property, plant and equipment in the Balance Sheet. The lease term for 87 Boundary Road is three years with no right of renewal. The final expiry date of the lease is 19 September 2014.

The carrying value of the leased asset is \$326,831 (2011: \$337,022) (Land: \$87,000 (2011: \$87,000), Buildings: \$239,831 (2011: \$250,022)), the accumulated depreciation is \$96,243 (2011: \$86,051) and the depreciation charge for the year is \$10,192 (2011: \$10,669).

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012****20. RELATED PARTY TRANSACTIONS****Key Management Personnel**

The compensation of the Trustees and executives, being the key management personnel of the Trust, is set out below:

Short Term Trustee and Employee Benefits

2012 NZ\$'000	2011 NZ\$'000
397	369
397	369

Transactions with Executives

Executives were related to organisations that received donations totalling \$38,500 (2011: \$35,000) during the year. Interests were declared when these donations were considered and key management took no part in deliberations relating to organisations in which they had an interest. There are no outstanding balances at balance date.

Transactions with Trustees

Trustees were related to organisations that received donations totalling \$234,500 (2011: \$249,000) during the year. Interests were declared when these donations were considered and Trustees took no part in deliberations relating to organisations in which they had an interest. There are no outstanding balances at balance date.



Independent auditor's report

To the Trustees of The Waikato Community Trust Incorporated

Report on the financial statements

We have audited the accompanying financial statements of The Waikato Community Trust Incorporated ("the Trust") on pages 4 to 32. The financial statements comprise the balance sheet as at 31 March 2012, the statements of comprehensive income, changes in trust funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustees' responsibility for the financial statements

The Trustees are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand that give a true and fair view of the matters to which they relate, and for such internal control as the Trustees 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 Trust's preparation of the financial statements that give a true and fair view of the matters to which they relate 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 Trust'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 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 Trust.

Opinion

In our opinion the financial statements on pages 4 to 32:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the Trust as at 31 March 2012 and of its financial performance and cash flows for the year then ended.

**Report on other legal and regulatory requirements**

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by The Waikato Community Trust Incorporated as far as appears from our examination of those records.

A handwritten signature in black ink, appearing to read 'K. P. M. G.'.

6 July 2012
Hamilton