



# New Zealand Gazette

OF THURSDAY, 5 JULY 2012

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WELLINGTON: FRIDAY, 6 JULY 2012 — ISSUE NO. 81

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## THE COMMUNITY TRUST OF WELLINGTON

### FINANCIAL STATEMENTS

PURSUANT TO SECTION 13 OF THE  
COMMUNITY TRUSTS ACT 1999

# Deloitte

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE COMMUNITY TRUST OF WELLINGTON

### Report on the Financial Statements

We have audited the financial statements of The Community Trust of Wellington on pages 14 to 27, which comprise the balance sheet as at 31 March 2012, and the statement of comprehensive income, and statement of changes in equity 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 and fair presentation of financial statements, in accordance with generally accepted accounting practice in New Zealand, and for such internal control as the Board of 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 Responsibilities*

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 and 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 the accounting policies used and the reasonableness of accounting estimates, as well as 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 Community Trust of Wellington.

### *Opinion*

In our opinion, the financial statements on pages 14 to 27 present fairly, in all material respects, the financial position of The Community Trust of Wellington as at 31 March 2012, and its financial performance for the year ended on that date in accordance with generally accepted accounting practice in New Zealand.



**Chartered Accountants**  
12 June 2012  
Wellington, New Zealand

**WELLINGTON COMMUNITY TRUST****Statement of Comprehensive Income  
For the Year Ended 31 March 2012**

	Note	2012 \$	2011 \$
<b>Revenue</b>			
Investment Income	2	3,052,362	3,451,233
Interest Received from Banks		160,054	125,006
Interest Received on Karori Sanctuary Trust Loan		60,577	63,592
Donations Returned		-	5,119
Rental Income		99,252	137,401
Other Income		4,980	11,893
<b>Total Revenue</b>		<u>3,377,225</u>	<u>3,794,244</u>
<b>Less Expenses</b>			
Donation Expenses		7,616	11,127
Finance Expenses		8	-
Fund Management Fees		298,876	300,383
Personnel Expenses	4	179,742	189,109
Trustee Expenses		4,567	8,088
Trustee Fees		47,029	50,420
Operating Costs	3	280,144	258,722
Other Expenses	5	10,746	11,107
<b>Total Expenses</b>		<u>828,728</u>	<u>828,956</u>
<b>Surplus Before Donations</b>		<u>2,548,497</u>	<u>2,965,288</u>
<b>Less</b>			
Donations		1,205,640	998,121
<b>Surplus for the year</b>		<u>1,342,857</u>	<u>1,967,167</u>
<b>Other Comprehensive Income</b>			
Other Comprehensive Income for the year, Net of Tax		-	-
<b>Total Comprehensive Income for Year, Net of Tax</b>		<u><u>1,342,857</u></u>	<u><u>1,967,167</u></u>

**WELLINGTON COMMUNITY TRUST****Statement of Changes in Equity  
For the Year Ended 31 March 2012**

	2012 \$	2011 \$
Equity at 1 April 2011	44,881,153	42,913,986
Total Comprehensive Income for the Year Net of Tax	1,342,857	1,967,167
Total Movements in Equity for the Year	<u>1,342,857</u>	<u>1,967,167</u>
Equity at 31 March 2012	<u><u>\$46,224,010</u></u>	<u><u>\$44,881,153</u></u>

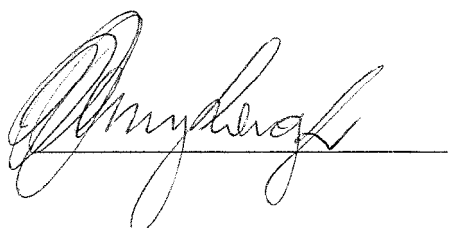
**WELLINGTON COMMUNITY TRUST****Balance Sheet****As at 31 March 2012**

	Note	2012 \$	2011 \$
<b>Current Assets</b>			
Cash and Cash Equivalents		170,155	104,945
Held-to-Maturity Investments	8	4,932,046	2,422,001
Trade Receivables		72,042	24,595
Prepayments		5,039	4,496
Karori Sanctuary Trust	9	100,000	100,000
GST Receivable		23,526	19,878
Investments at Fair Value through profit or loss	7	40,278,027	41,458,347
<b>Total Current Assets</b>		<b>45,580,835</b>	<b>44,134,262</b>
<b>Current Liabilities</b>			
Trade and Other Payables		121,228	119,859
<b>Working Capital</b>		<b>45,459,607</b>	<b>44,014,403</b>
<b>Non Current Assets</b>			
Property, Plant & Equipment	6	6,069	8,416
Combined Community Trust Database Project - Loan Advance		25,000	25,000
Karori Sanctuary Trust	9	733,334	833,334
<b>Total Non Current Assets</b>		<b>764,403</b>	<b>866,750</b>
<b>Net Assets</b>		<b>46,224,010</b>	<b>44,881,153</b>

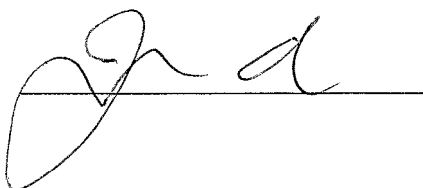
**WELLINGTON COMMUNITY TRUST****Balance Sheet  
As at 31 March 2012**

	Note	2012 \$	2011 \$
REPRESENTED BY:			
EQUITY			
Trust Equity Brought Forward		44,881,153	42,913,986
Total Comprehensive Income for the Year Net of Tax		1,342,857	1,967,167
Total Equity		<u>46,224,010</u>	<u>44,881,153</u>

For and on behalf of the Board of Trustees:



Chairperson



Trustee

12 June 2012 Date

**WELLINGTON COMMUNITY TRUST****Notes to the Financial Statements  
For the Twelve Months Ended 31 March 2012**

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

The Community Trust of Wellington ('The Trust'), trading as the Wellington Community Trust, is an incorporated Charitable Trust under the Charitable Trusts Act 1957.

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice ('GAAP') in New Zealand. They comply with the New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and other Financial Reporting Standards as appropriate for not-for-profit entities that qualify for and apply differential reporting concessions.

**Basis of Preparation**

The accounting principles recognised as appropriate for the measurement and reporting of the statement of comprehensive income and balance sheet on a historical cost basis are followed by the Trust, except that certain investments are disclosed at fair value.

The information is presented in New Zealand dollars as it is the functional and presentational currency.

**Differential Reporting**

The Trust qualifies for Differential Reporting as it is not publicly accountable, and is not large as defined by the Framework for Differential Reporting. The Trust has taken advantage of all available differential exemptions.

**Specific Accounting Policies**

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

**(a) Revenue**

Rental revenue in relation to operating leases is recognised in the Statement of Comprehensive Income on a straight-line basis over the lease term.

Dividend revenue from investments is recognised when the Trust's rights to receive payment have been established. Interest income is recognised as interest accrues using the effective interest method.

**(b) Income Tax**

The Trust is exempt from income tax under section CW 52 of the Income Tax Act 2007.

**(c) Property, Plant & Equipment**

Property Plant and Equipment is stated at cost less accumulated depreciation and impairment.

**WELLINGTON COMMUNITY TRUST****Notes to the Financial Statements  
For the Twelve Months Ended 31 March 2012**

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**(d) Depreciation**

Depreciation has been calculated as follows using the diminishing value method:

Furniture	9.0% - 26.4 %
Equipment	33.0% - 80.4%

**(e) Investments including Investments in Managed Funds**

Shares in listed companies and quoted fixed interest investments are designated as "financial assets at fair value through profit or loss" as the portfolios are managed on a fair value basis in accordance with a documented investment strategy. They are initially recorded at cost and subsequently revalued to bid price each balance date. Gains and losses are recorded in the Statement of Comprehensive Income as part of the investment income.

**(f) Financial Instruments**

Financial instruments are recognised if the Trust becomes a party to the contractual provisions of the instruments. Financial assets are initially measured at fair value plus transaction costs except for those classified as fair value through profit or loss which are initially measured at fair value. Financial assets are derecognised if the Trust's rights to the cash flows from the financial assets expire or if the Trust transfers a financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular purchases and sales of financial assets are accounted for at trade date. Financial liabilities are derecognised if the Trust's obligations, specified in the contract, expire, are discharged or cancelled.

Held-to-Maturity Investments

If the Trust has the intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Investments at Fair Value through profit or loss

An instrument is classified at fair value through the profit and loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through the profit and loss if the Trust manages such investments and makes purchase and sale decisions based on their fair value. They are initially recorded at cost and subsequently revalued to market bid price each balance date. Upon initial recognition, attributable transaction costs are recognised in the Statement of Comprehensive Income when incurred. Subsequent to initial recognition, financial instruments at fair value through profit or loss are measured at fair value and changes therein are recognised in the Statement of Comprehensive Income.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method less any impairment.

Cash and cash equivalents comprise cash balances and call deposits.



**WELLINGTON COMMUNITY TRUST****Notes to the Financial Statements  
For the Twelve Months Ended 31 March 2012**

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**(g) Impairment**

The carrying amount of the Trusts' assets is reviewed each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised immediately in the Statement of Comprehensive Income.

The estimated recoverable amount of investments carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at their original effective interest rate. Receivables with a short duration are not discounted.

The estimated recoverable amount of other assets is the greater of their fair value, less costs to sell, and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount.

**(h) Operating Leases**

Operating lease payments, where the lessor effectively retains substantially all the risks and rewards of ownership of the leased items, are included in the determination of the net surplus in equal instalments over the lease term.

**Donations**

Donations are paid when approved by the Trustees, and donations are recognised as an expense when they are paid. The Trust donated \$200,000 to the New Zealand International Arts Festival this was The Trust's most significant donation for the 2012 year.

**Changes in Accounting Policies**

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

# WELLINGTON COMMUNITY TRUST

## Notes to the Financial Statements For the Twelve Months Ended 31 March 2012

### 2. Investment Income

	2012 \$	2011 \$
Portfolio Income-Realised Revenue	3,265,085	1,354,953
Net Change in Fair Value of Financial Assets	(212,723)	2,096,280
<b>Total Investment Income</b>	<b><u>3,052,362</u></b>	<b><u>3,451,233</u></b>

### 3. Operating Costs

	2012 \$	2011 \$
ACC Levy	929	977
Awards Projects	16,780	5,811
Bank Charges	276	(17)
Computer Expenses	6,021	15,477
Consultants/Contract Employees	47,115	25,944
Conventions & Seminars	69	1,300
Equipment Rental	3,756	3,162
Governance Costs	2,296	1,055
Insurance - Office	1,766	1,432
Insurance - Professional	4,813	5,143
Light & Power	3,239	3,583
Postage & Stationery	5,547	6,915
Professional Fees	493	400
Public Relations & Promotion	1,193	1,188
Publications	-	100
Rent	160,355	163,598
Repairs & Maintenance	273	2,811
Subscriptions	3,000	3,000
Telecommunication Expenses	16,614	12,346
Tenancy Expenses	4,290	3,883
Travel Expenses	1,319	613
<b>Total Operating Costs</b>	<b><u>280,144</u></b>	<b><u>258,722</u></b>

### 4. Personnel Expenses

	2012 \$	2011 \$
Wages & Salaries	173,158	182,789
Other Staff Expenses	6,584	6,320
<b>Total Personnel Expenses</b>	<b><u>179,742</u></b>	<b><u>189,109</u></b>

**WELLINGTON COMMUNITY TRUST****Notes to the Financial Statements  
For the Twelve Months Ended 31 March 2012****5. Other Expenses**

	2012	2011
	\$	\$
Audit Fee	8,400	7,500
Depreciation	2,346	3,607
<b>Total Other Expenses</b>	<b>10,746</b>	<b>11,107</b>

**6. Property, Plant & Equipment**

	2012	2011
	\$	\$
Opening Balance at Cost	44,429	41,323
Purchases	-	3,107
Less Accumulated Depreciation	(38,360)	(36,014)
<b>Net Book Value</b>	<b>6,069</b>	<b>8,416</b>
<b>Depreciation Charge for the Year</b>	<b>2,346</b>	<b>3,607</b>

**7. Financial Assets designated as Fair Value through profit or loss:**

	2012	2011
	\$	\$
International Equities - OnePath (NZ) Ltd	16,332,075	16,434,651
Australasian Equities - OnePath (NZ) Ltd	4,751,950	7,102,843
Trans Tasman Properties - Mint Asset Management Ltd	4,825,017	4,692,368
International Fixed Interest -Tower Asset Management Ltd	12,335,345	13,228,485
Devon Funds Management Ltd	2,033,640	-
<b>Total</b>	<b>40,278,027</b>	<b>41,458,347</b>

OnePath delegates the international equity investment management to MFS Global Equity. Tower delegates the global bonds management to PIMCO Australia Ltd.

## WELLINGTON COMMUNITY TRUST

### Notes to the Financial Statements For the Twelve Months Ended 31 March 2012

#### 8. Held-to-Maturity Investments

	2012 \$	2011 \$
ASB Term Deposit - 083	236,062	445,630
ASB Term Deposit - 084	255,671	500,000
ASB Term Deposit - 085	500,000	-
ASB Term Deposit - 086	1,000,000	-
BNZ Term Deposit - 03038	664,334	637,407
BNZ Term Deposit - 03040	-	250,000
BNZ Term Deposit - 03041	461,983	588,964
BNZ Term Deposit - 03042	500,000	-
BNZ Term Deposit - 03043	302,611	-
Kiwibank Term Deposit	1,011,385	-
<b>Total Held-to-Maturity Investments</b>	<b>4,932,046</b>	<b>2,422,001</b>

#### 9. Loans and Receivables

	2012 \$	2011 \$
<b>Karori Sanctuary Trust</b>		
Current Portion	100,000	100,000
Term Portion	733,334	833,334
<b>Total Karori Sanctuary Trust</b>	<b>833,334</b>	<b>933,334</b>

The Loan is guaranteed by the Wellington City Council. The loan has a repayment term of 15 years which commenced on 1 August 2005. The interest rate is calculated against an agreed formula. The rate for the year under review was 6.50%- 7.05%.

#### 10. Financial Instruments

##### Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition and the basis of measurement applied in respect of each of the class of financial assets, are disclosed in note 1 to the financial statements.

The Trustees have approved a Statement of Investment Policy and Objectives ('SIPO') which establishes investment portfolio objectives and target asset allocations. Performance against these targets is reviewed at least quarterly by the Trustees and asset reallocations undertaken as required.

##### Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the Trust's accounting policies.

## WELLINGTON COMMUNITY TRUST

### Notes to the Financial Statements For the Twelve Months Ended 31 March 2012

#### Liquidity Risk

All financial assets at fair value through profit and loss can be realised within 12 months. There are no significant financial liabilities.

The Trust's investments are managed to ensure that the Trust will have sufficient liquidity to meet expected cashflow requirements. Liquidity risk is managed through the Trust's asset allocation strategy, which provides exposure to both growth and income assets, and the benchmark portfolio against which investment returns are monitored. The Trust's benchmarks are maintained through rebalancing between investment managers to bring the weights to benchmark.

#### Credit Risk

Financial instruments which potentially expose the Trust to credit risk consist of cash and short term deposits, fixed interest securities and receivables and, indirectly, investments in unitised products which invest in cash and fixed interest investments. The maximum exposure to credit risk is the carrying value of these financial instruments:

	2012 \$	2011 \$
Cash	170,155	104,945
Short Term Deposits	4,932,046	2,422,001
Fixed Interest - Offshore	12,335,346	13,228,485

The significant counterparties of the Trust are its investment managers: OnePath (NZ) Ltd, Tower Asset Management Ltd, Mint Asset Management Ltd and Devon Fund Management Ltd which the Trustees consider to be financial institutions of high quality. The investments are held in trust by the investment managers for the benefit of the Trust. The managers operate within the policy approved by the Trustees.

The credit risk on cash and short term deposits is limited because the counterparties are banks; BNZ, ASB and Kiwibank Ltd, with high credit ratings assigned by international credit rating agencies.

#### Currency Risk

The Trust is indirectly exposed to currency risk in that future currency movements will affect the valuation of investments in unitised products which invest in foreign currency denominated investments. The Trust has no directly held investments denominated in a foreign currency.

#### Interest Rate Risk

The Trust is exposed to interest rate risk in that future interest rate movements will affect cash flows and net market values of fixed interest assets and, indirectly, the valuation of investments in unitised products which invest in cash and fixed interest investments.

Interest rate risk management activities are undertaken by the investment adviser in accordance with the investment mandate set by the Trustees.

## WELLINGTON COMMUNITY TRUST

### Notes to the Financial Statements For the Twelve Months Ended 31 March 2012

#### 11. Contingent Liabilities

There are no contingent liabilities as at 31 March 2012 (2011:\$Nil).

#### 12. Commitments

##### (a) Donations

As at 31 March 2012 The Trust had the following commitments:

	2012 \$	2011 \$
Less than One Year	25,000	285,000
Between One and Five Years	-	200,000
	<u>25,000</u>	<u>485,000</u>

##### (b) Lease Commitments

Commitments existed for non cancellable operating leases as follows:

	2012 \$	2011 \$
Less than One Year	40,806	152,000
Between One and Five Years	-	50,097
More than Five Years	-	-
	<u>40,806</u>	<u>202,097</u>

The premises lease expired on 10 July 2009 with a right of renewal for three years to 10 July 2012. The Trust has the right of renewal and will be staying on with a 3 month rolling rental agreement which is yet to be finalised.

The sublease for Property Pack (Wellington) Ltd expired on 9 July 2009 and was extended through to July 2012 on 7 May 2010.

The total of future minimum sublease payments expected to be received under non-cancellable subleases as at 31 March 2012 is \$19,480.

##### (c) Capital Commitments

There are no capital commitments as at 31 March 2012 (2011:\$Nil).

## WELLINGTON COMMUNITY TRUST

### Notes to the Financial Statements For the Twelve Months Ended 31 March 2012

#### 13. Related Party Transactions

The Trust has a code of conduct and a register of interests in regard to related party transactions. The code of conduct requires Trustees and management to declare any interests in transactions that the Trust may undertake. The following donations were made in respect of related party transactions.

	2012 \$	2011 \$
<u>Frances Russell</u>		
New Zealand Affordable Art Trust	5,000	15,000

Frances Russell is the Executive Director of The Trust and also a Trustee of The New Zealand Affordable Art Trust.

Frances' daughter, Carla Russell, is the executive director of The New Zealand Affordable Art Trust.

#### Dick Fernyhough

Friends of Mana Island	8,130	12,285
Changemakers Refugee Forum	10,000	20,000
Gifted Children's Advancement Charitable Trust	5,000	-

Dick Fernyhough is a Trustee of the The Trust. He is also a member of Friends of Mana Island, provided limited accounting assistance to the Changemakers Refugee Forum, and is Chairman of Gifted Children's Advancement Charitable Trust .

#### Ian Frater

Habitat for Humanity	3,912	-
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Ian Frater is a Trustee of The Trust. He is also a Director of Habitat for Humanity.

#### Liz Kelly

Porirua HealthLinks Trust	7,500	-
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Liz Kelly is a Trustee of The Trust. She is Executive Director of Porirua HealthLinks Trust, and Deputy Mayor of Porirua City Council.

#### Dawn Sanders

Shakespeare Globe Centre New Zealand	5,000	-
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Dawn Sanders is a Trustee of The Trust and is also the chief executive officer of the Shakespeare Globe Centre New Zealand.

**WELLINGTON COMMUNITY TRUST****Notes to the Financial Statements  
For the Twelve Months Ended 31 March 2012**

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**14. Disclosure Change**

In 2012 the interest earned on the Karori Sanctuary Trust loan has been disclosed separately in the Statement of Comprehensive Income. In 2011 this was included as part of the Interest Received total.

**15. Subsequent Events**

No subsequent event has occurred since balance date that would materially impact the financial statements as at 31 March 2012.