



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 2011**

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THE WAIKATO COMMUNITY TRUST INCORPORATED**DIRECTORY****For the year ended 31 March 2011**

PRINCIPAL ACTIVITIES: Investment and Donations

TRUSTEES: Anderson, Josie (*Retired 31 May 2010*)
Astle, Dennis (*Retired 31 May 2010*)
Baddeley, Clint (*Deputy Chair to 28 February 2011, Chair from 1 March 2011*)
Barriball, Peggy (*Appointed 1 June 2010*)
Doube, Bernadette (*Retired 31 May 2010*)
Gillespie, John
Hosking, Bruce (*Investment Committee Chair*)
Karalus, Peta (*Deputy Chair to 31 May 2010, Chair from 1 June 2010, Retired 28 February 2011*)
Kilbride, John (*Chair, Retired 31 May 2010*)
McConnell, Angus
Muru, Judith
Paenga, John (*Appointed 1 June 2010*)
Purnell, Max (*Retired 24 November 2010*)
Roa, Pam
Sporle, Raewyn (*Appointed 25 November 2010*)
Tan, Fee-Ching
Van der Heyden, Ali (*Appointed 1 June 2010*)
Viggers, Maxine (*Appointed 1 June 2010*)
Yates, Dianne

CHIEF EXECUTIVE: Bev Gatenby**SECRETARY:** Geoff Balme**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 2011

	Notes	2011 NZ\$'000	2010 NZ\$'000
Revenue	3	10,182	9,281
Realised and Unrealised Gains / (Losses)	4	10,842	36,300
Donations	16	(7,398)	(6,920)
Audit Fees		(18)	(22)
Depreciation	11	(88)	(83)
Employee Remuneration		(510)	(452)
Fund Management Services		(947)	(628)
Investment Advisory Services		(200)	(191)
Other Expenses		(475)	(490)
Sponsorships		(185)	(186)
Trustee Fees	17	(208)	(194)
SURPLUS FROM OPERATIONS		10,995	36,415
Being Total Comprehensive Income for the year			
Total Comprehensive Income has been applied to:			
Trust Funds		10,995	36,415
		10,995	36,415

THE WAIKATO COMMUNITY TRUST INCORPORATED**STATEMENT OF CHANGES IN EQUITY****For the year ended 31 March 2011**

	2011	2010
	NZ\$'000	NZ\$'000
TRUST FUNDS AS AT 1 APRIL	243,742	207,327
Surplus for the year:	10,995	36,415
Total Comprehensive Income	10,995	36,415
TRUST FUNDS AS AT 31 MARCH	254,737	243,742

THE WAIKATO COMMUNITY TRUST INCORPORATED

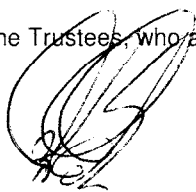
BALANCE SHEET

As at 31 March 2011

	Notes	2011 NZ\$'000	2010 NZ\$'000
EQUITY			
Trust Funds		254,737	243,742
TOTAL EQUITY		254,737	243,742
CURRENT LIABILITIES			
Trade and Other Payables	5	265	174
Donations Payable	6	1,480	1,480
Employee Entitlements	7	35	23
Derivative Financial Instruments	15	1,550	-
		3,330	1,677
TOTAL EQUITY AND LIABILITIES		258,067	245,419
CURRENT ASSETS			
Cash and Cash Equivalents	8	397	102
Trade and Other Receivables	9	26	10
Derivative Financial Instruments	15	-	590
		423	702
NON CURRENT ASSETS			
Financial Assets at Fair Value through Profit or Loss	10	253,518	240,795
Property, Plant and Equipment	11	2,746	2,701
Sport Waikato Loan	12	1,222	1,121
Database Loan	22	158	100
		257,644	244,717
TOTAL ASSETS		258,067	245,419

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

Trustee:



Trustee:



Date:

20/6/11

Date:

20/06/2011

These financial statements must be read in conjunction with the notes on pages 8 to 37

THE WAIKATO COMMUNITY TRUST INCORPORATED**CASH FLOW STATEMENT****For the year ended 31 March 2011**

	Notes	2011 NZ\$'000	2010 NZ\$'000
CASH FLOW FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Interest		3	2
Other Income		25	44
Realisation of Financial Assets at Fair Value through Profit and Loss (net)		9,630	8,503
		9,658	8,549
<i>Cash was applied to:</i>			
Payments to Suppliers and Employees		(1,782)	(1,674)
Donations Paid		(7,398)	(6,863)
		(9,180)	(8,537)
Net Cash (used in)/provided by Operating Activities	14	478	12
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		(135)	(24)
Database Loan		(58)	(71)
		(193)	(95)
Net Cash (used in)/provided by Investing Activities		(183)	(95)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and Cash Equivalents at the Beginning of the Financial Year		102	185
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	397	102

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 March 2011**

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

The Trust is a not for profit charitable Trust incorporated and domiciled in New Zealand. Its principal service is the provision of funds in the form of donations to community groups in the wider Waikato area. Accordingly, the Waikato Community Trust is designated as a Public Benefit Entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements were authorised for issue by the Trustees on 20 June 2011.

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.

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.

Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with NZ IFRS requires management of the use 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 and note 16 for the donation expense reconciliation.

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.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 31 March 2011

The fair value of derivative financial instruments is determined based on observable market rates. Refer to note 15 for the carrying value of these instruments as at 31 March.

Changes in accounting policy and disclosures

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 initially applied in the financial year ending
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2010	*	31 March 2012
NZ IFRS 9 Financial Instruments	1 January 2013	31 March 2014
NZ IAS 24 Related party transactions (revised)	1 January 2013	31 March 2014

* The effective date and transitional provisions vary by Standard. Most of the improvements are effective for annual periods beginning on or after 1 January 2011, with earlier adoption permitted.

All 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.

Specific Accounting Policies

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

(a) Revenue Recognition

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 that takes into account the effective yield on the financial asset.

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 2011**

(b) 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.

(c) 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.

(d) Donations

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

(e) 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.

(f) Financial Assets and Liabilities**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, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

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 2011**

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 for which information is provided internally to key management personnel on that basis.

Regular-way purchases and sales of investments are recognised on the trade date – 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).

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 cashflow 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 financial asset is impaired.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 March 2011**

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.

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.

(g) 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 is 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 WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 March 2011**

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 the accounting policy below 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.

(h) 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. Cashflows associated 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.

(i) 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 otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

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 revaluation decrease.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2011**

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.

(j) 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.

(k) Taxation

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

(l) Currency TranslationFunctional 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.

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.

(m) Derivative Financial Instruments

The base currency of the international equity portfolio is New Zealand dollars and all currency exposures are 100% hedged back to the New Zealand dollar. The Trust had a 100% passive currency hedging programme over units invested in the State Street Global Index Plus Trust. The investment in State Street Global Index Trust was fully redeemed in December 2010. During the 2011 year, the Trust entered forward exchange contracts with the BNZ to reduce the Trust's currency exposure to foreign currency denominated investments.

Further details of derivative financial instruments are disclosed in note 15 to the financial statements.

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

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2011**

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.

(n) 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.

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 out 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.

2. INCORPORATION

The Trust Bank Waikato Community Trust was incorporated on 5 August 1988 with Trust capital of \$21,316,622. The name of the Trust was changed to The Waikato Community Trust Incorporated in December 1997.

THE WAIKATO COMMUNITY TRUST INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 March 2011
3. REVENUE
Comprises:

Dividends
Interest
Rent
Other Income

	2011 NZ\$'000	2010 NZ\$'000
Dividends	6,706	4,530
Interest	3,447	4,707
Rent	22	25
Other Income	7	19
	10,182	9,281

4. REALISED AND UNREALISED GAINS / (LOSSES)

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

	2011 NZ\$'000	2010 NZ\$'000
Gains / (Losses) on Financial Assets at Fair Value Through Profit or Loss	8,593	26,933
Gains / (Losses) on Derivative Financial Instruments	2,249	9,367
	10,842	36,300

5. TRADE AND OTHER PAYABLES

Accounts Payable
Accrued Expenses

	2011 NZ\$'000	2010 NZ\$'000
Accounts Payable	88	100
Accrued Expenses	177	74
	265	174

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 2011****6. DONATIONS PAYABLE**

Donations

2011	2010
NZ\$'000	NZ\$'000
1,480	1,480
1,480	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

2011	2010
NZ\$'000	NZ\$'000
35	23
35	23

All employee entitlements are payable within 12 months.

8. CASH AND CASH EQUIVALENTS

Cash at Bank and on Hand

2011	2010
NZ\$'000	NZ\$'000
397	102
397	102

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 2011****9. TRADE AND OTHER RECEIVABLES**

	2011	2010
	NZ\$'000	NZ\$'000
GST	24	10
Other Receivables	2	-
	26	10

The carrying value of trade receivables approximates their fair values.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2011	2010
	NZ\$'000	NZ\$'000
Global Equities (note 15)	68,504	74,412
New Zealand Fixed Interest and Cash (note 15)	43,069	39,254
Australasian Equities (note 15)	39,738	25,294
Global Fixed Interest (note 15)	74,806	101,835
Property Fund (note 15)	25,550	-
Alternatives (Infrastructure Fund) (note 15)	1,851	-
	253,518	240,795

The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Trust is the current bid price.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

11. PROPERTY, PLANT AND EQUIPMENT

Office Equipment

Cost

	2011 NZ\$'000	2010 NZ\$'000
Balance at 1 April	266	263
Add additions	15	3
Less disposals	(10)	-
Balance at 31 March	271	266
<u>Accumulated Depreciation</u>		
Balance at 1 April	211	196
Less disposals	(10)	-
Depreciation Expense	17	15
Balance at 31 March	218	211
Net Book Value at 31 March	53	55

Motor Vehicles

Cost

Balance at 1 April	92	92
Add additions	35	-
Less disposals	(22)	-
Balance at 31 March	105	92
<u>Accumulated Depreciation</u>		
Balance at 1 April	59	41
Less disposals	(19)	-
Depreciation Expense	23	18
Balance at 31 March	63	59
Net Book Value at 31 March	42	33

Art and Artefacts

Cost

Balance at 1 April	962	962
Add additions	85	-
Balance at 31 March	1,047	962
<u>Accumulated Depreciation</u>		
Balance at 1 April	27	17
Depreciation Expense	10	10
Balance at 31 March	37	27
Net Book Value at 31 March	1,010	935

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

	2011 NZ\$'000	2010 NZ\$'000
Buildings		
<u>Cost</u>		
Balance at 1 April	1,216	1,195
Add additions	-	21
Balance at 31 March	1,216	1,216
<u>Accumulated Depreciation</u>		
Balance at 1 April	382	342
Depreciation Expense	37	40
Balance at 31 March	419	382
Net Book Value 31 March	797	834
Land		
<u>Cost</u>		
Balance at 1 April	844	844
Balance at 31 March	844	844
Total Property Plant and Equipment		
<u>Cost</u>		
Balance at 1 April	3,380	3,356
Add additions	135	24
Less disposals	(32)	-
Balance at 31 March	3,483	3,380
<u>Accumulated Depreciation</u>		
Balance at 1 April	679	596
Less disposals	(29)	-
Depreciation Expense	88	83
Balance at 31 March	737	679
Net Book Value at 31 March	2,746	2,701

- (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 2011****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 sum by 19 August 2013. The loan balance is made up as follows:

	2011	2010
	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	247	146
	1,222	1,121

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 \$1,290,866 (2010 - \$1,170,758). 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 2.5 (2010 - 3.5) year bank loan rate of 6.5% (2010 - 7.6%).

13. CONTINGENT LIABILITIES AND COMMITMENTS

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

	2011	2010
	NZ\$'000	NZ\$'000
Total Contingent Liabilities	4,512	5,937
Subject to fulfilment of the conditions, the contingent liabilities are payable as follows:		
Not later than 1 year	693	2,668
Later than 1 year and not later than 5 years	3,819	3,269
	4,512	5,937

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

Commitments

The Trust has made a commitment to invest \$8,000,000 in an investment fund. To date \$1,822,000 has been invested in this fund. The balance of \$6,178,000 will be invested if the fund manager identifies suitable investment vehicles. The investment will be funded by realising other investments currently held by the Trust. (2010 - Nil)

14. 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

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

	2011 NZ\$'000	2010 NZ\$'000
SURPLUS FOR THE YEAR	10,995	36,415
Adjust for Non-Cash Items:		
Profit / (loss) on Sale of Property, Plant and Equipment	(6)	-
Depreciation	88	83
Notional Interest on Interest Free Loan	(101)	(93)
	(19)	(10)
Impact of Changes in Net Assets and Liabilities:		
(Increase) / decrease in Trade and Other Receivables	(16)	7
(Increase) / decrease in Financial Assets at FVTPL *	(10,585)	(36,508)
Increase / (decrease) in Trade and Other Payables	91	44
Increase / (decrease) in Donations Payable	-	57
Increase / (decrease) in Employee Entitlements	12	7
	(10,498)	(36,393)
Net Cash Inflow From Operating Activities	478	12

* FVTPL is Fair Value Through Profit or Loss

15. FINANCIAL INSTRUMENTS

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.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2011**

Market Risk

The Trust's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices.

There has been no change to the Trust's exposure to market risks or in the manner it manages and measures the risk.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Trust's exposure to fair value interest rate risk is limited to its investments in New Zealand fixed interest and cash and global fixed interest funds included in financial assets at fair value through profit or loss category in the Balance Sheet (see note 10).

A 300 basis point increase or 100 basis point decrease is used when reporting interest rate risk, as it represents a reasonable assessment of the possible change in interest rates.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments issued at variable interest rates expose the Trust to cash flow interest rate risk.

A 300 basis point increase or 100 basis point decrease is used when reporting interest rate risk, as it represents a reasonable assessment of the possible change in interest rates.

The Trust's exposure to interest rate risk for fair value and cash flow interest rate risk on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign exchange risk arises from transactions and recognised assets that are denominated in a currency that is not the Trust's functional currency. This arises from investments in enhanced passive global equities and global fixed interest funds included in financial assets held at fair value through profit or loss category in the Balance Sheet (refer to note 10) and derivative financial instruments. The table below details the Trust's sensitivity to a 10% increase and 25% decrease in the New Zealand dollar against the relevant foreign currencies. 10% and 25% are the sensitivity rates used as they represent a reasonable assessment of the possible changes in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% and 25% change in foreign currency rates.

The sensitivity rates used are the same as in 2010 to reflect the continued volatility in the international currency and financial markets that have been experienced over the past year. The disclosures adopted provide a more accurate measurement for the movement in the future, due to continued market volatility.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2011**

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 and loss.

The table below details the Trust's sensitivity to a 30% increase and 10% decrease in the price risk. The sensitivity rates are the same as the previous year to reflect the continued volatility in the international currency and financial markets that have been experienced over the past year. The disclosures adopted provide a more accurate measurement for the movement in the future, due to current market volatility.

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.

Due to the timing of its cash inflows and outflows, the Trust invests surplus cash with registered banks. The Trust's investment policy limits 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.

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 22).

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, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Trust aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Trust maintains a target level of investments that must mature within specified timeframes.

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.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

31 March 2011	Carrying amount \$'000	Interest rate risk				Foreign exchange risk				Price risk			
		-1%		+3%		-25%		+10%		-10%		+30%	
		Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000

Financial assets

Assets recorded at
Fair Value through
the Profit or Loss

253,518	(1,179)	(1,179)	3,536	3,536	57,846	57,846	(15,776)	(15,776)	(23,682)	(23,682)	71,045	71,045
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Financial liabilities

Derivative Financial
Instruments

(1,550)					18,320	18,320	(3,024)	(3,024)				
---------	--	--	--	--	--------	--------	---------	---------	--	--	--	--

Total increase/
(decrease)

(1,179)	(1,179)	3,536	3,536	76,166	76,166	(18,800)	(18,800)	(23,682)	(23,682)	71,045	71,045
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31 March 2010	Carrying amount \$'000	Interest rate risk				Foreign exchange risk				Price risk			
		-1%		+3%		-25%		+10%		-10%		+30%	
		Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000

Financial assets

Derivative Financial
Instruments

590	-	-	-	-	(19,484)	(19,484)	5,314	5,314	-	-	-	-
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Assets recorded at
Fair Value through
the Profit or Loss

240,795	(1,411)	(1,411)	4,233	4,233	58,547	58,547	(15,967)	(15,967)	(23,022)	(23,022)	69,067	69,067
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Total increase/
(decrease)

(1,411)	(1,411)	4,233	4,233	39,063	39,063	(10,653)	(10,653)	(23,022)	(23,022)	69,067	69,067
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THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

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.

Assets	Level 1	Level 2	Level 3	Total
	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
Financial assets at fair value through profit or loss	226,117	-	27,401	253,518
Derivatives	-	(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

Gains/(Losses) Recognised in the Statement of Comprehensive Income

Management Fees Recognised in the Statement of Comprehensive Income

Balance at 31 March

	2011	2010
	NZ\$'000	NZ\$'000
Balance at 1 April	-	-
Plus Additional Investments	26,243	-
Less Realisation of Investments	-	-
Gains/(Losses) Recognised in the Statement of Comprehensive Income	1,197	-
Management Fees Recognised in the Statement of Comprehensive Income	(39)	-
Balance at 31 March	27,401	-

Capital Risk Management

The Trust 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 capital structure of the Trust consists of cash and cash equivalents and Trust funds. The Trust Investment Committee reviews the Trust funds and the risks associated with the Trust funds.

Following the sale of the Trust 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 WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2011**

The Trustees have adopted an investment strategy with a targeted long term annual rate of return of 7.6% (2010 - 6.8%) 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 distributions. If the Trust fund falls below the value that needs to be maintained for the benefit of current and future generations the level of expenditure and distributions are reviewed by the Trust.

The Trust's present donation policy is to distribute annually as donations, 4% (2010 - between 3% and 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 inevitably be 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 including the ability to protect capital in negative or down markets. In the year to 31 March the Trust began implementing the following strategic asset allocation:

	2011	2010
Australasian Equities (2010 - New Zealand)	15.0%	10.0%
New Zealand Fixed Interest	10.0%	10.0%
New Zealand Cash	5.0%	5.0%
Global Equities	25.0%	27.5%
Global Fixed Interest	25.0%	47.5%
Property Fund	10.0%	-
Alternatives (Infrastructure Fund)	10.0%	-
	100.0%	100.0%

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 2011

The following financial assets at fair value through Statement of Comprehensive Income have been recognised in the financial statements of the Trust.

	2011 NZ\$'000	2010 NZ\$'000
Global Equities (note 10)	68,504	74,412
Denominated in the following currencies:		
Australian dollar equivalents	1,352	-
Brazilian real equivalents	540	-
Canadian dollar equivalents	2,502	3,862
Danish krona equivalents	212	387
Denmark krone equivalents	646	-
Euro equivalents	11,515	11,295
Great Britain pound equivalents	4,727	7,488
Hong Kong dollar equivalents	810	870
Indonesian rupiah equivalents	306	-
Israel new shekels equivalents	156	-
Japanese yen equivalents	5,122	7,864
New Zealand dollars	22	47
Norwegian kroner equivalents	191	267
Qatar rials equivalents	244	-
Singapore dollar equivalents	745	556
Swedish krona equivalents	659	991
Swiss franc equivalents	3,591	2,753
Thailand baht equivalents	422	-
Taiwan dollar equivalents	357	-
United States dollar equivalents	34,385	38,032
	68,504	74,412

New Zealand Fixed Interest and Cash (note 10)	43,069	39,254
Denominated in the following currencies:		
New Zealand dollars	43,069	39,254
	43,069	39,254

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

	2011 NZ\$'000	2010 NZ\$'000
Australasian Equities (note 10)	39,738	25,294
Denominated in the following currencies:		
New Zealand dollars	36,011	21,963
Australian dollars	3,727	3,331
	39,738	25,294

Global Fixed Interest (note 10)	74,806	101,835
Denominated in the following currencies:		
Australian dollar equivalents	70	3,780
Brazilian real equivalents	525	146
Canadian dollar equivalents	628	7,085
Chinese yuan equivalents	664	450
Czech Republic koruna equivalents	28	-
Danish krona equivalents	-	127
Denmark krone equivalents	135	-
Euro equivalents	24,147	35,477
Great Britain pound equivalents	2,884	2,958
Hong Kong dollar equivalents	62	59
Hungarian forint equivalents	31	-
Indian rupee equivalents	-	202
Indonesian rupiah equivalents	-	26
Japanese yen equivalents	8,873	10,444
Malaysian ringgit equivalents	56	33
Mexican pesos equivalents	1,251	-
New Zealand dollars	880	3,889
Norwegian kroner equivalents	177	273
Philippine peso equivalents	-	75
Polish zloty equivalents	97	-
Singapore dollar equivalents	215	198
South African rand equivalents	69	-
South Korean won equivalents	455	276
Swedish krona equivalents	-	247
Swiss franc equivalents	239	172
Taiwan dollar equivalents	87	179
United States dollar equivalents	33,233	35,739
	74,806	101,835

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2011**

Property (note 10)

Denominated in the following currencies:
Australian dollar equivalents

Alternatives (note 10)

Denominated in the following currencies:
Australian dollar equivalents

Forward Foreign Exchange Contracts

The Trust manages its foreign exchange risk by using a separate currency overlay or investing in a hedged pool to cover 100% of its foreign currency exposures. 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.

The following table details the forward foreign currency contracts outstanding at reporting date.

	2011 NZ\$'000	2010 NZ\$'000
Property (note 10)	25,550	-
Denominated in the following currencies: Australian dollar equivalents	25,550	-
	25,550	-
Alternatives (note 10)	1,851	-
Denominated in the following currencies: Australian dollar equivalents	1,851	-
	1,851	-

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

	Average Exchange Rate		Foreign Currency		Contract Value		Fair Value	
	2011	2010	2011	2010	2011	2010	2011	2010
Outstanding Contracts			'000	'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
<u>Buy Canadian Dollars</u>								
Less than 3 months	-	0.7368	-	2,203	-	2,992	-	(77)
<u>Buy Swiss Franc</u>								
Less than 3 months	-	0.7432	-	1,640	-	2,207	-	3
<u>Buy Euro</u>								
Less than 3 months	-	0.5076	-	5,390	-	10,620	-	311
<u>Buy Great Britain Pounds</u>								
Less than 3 months	-	0.4546	-	2,754	-	6,061	-	157
<u>Buy Japanese Yen</u>								
Less than 3 months	-	64.0007	-	420,768	-	6,580	-	212
<u>Buy US Dollars</u>								
Less than 3 months	-	0.7077	-	22,187	-	31,371	-	11
<u>Buy Australian Dollars</u>								
Less than 3 months	0.7417	-	4	-	5	-	-	-
 <u>Sell Japanese Yen</u>								
Less than 3 months	62.8135	61.9219	156,202	11,084	2,487	179	7	(11)
<u>Sell Euro</u>								
Less than 3 months	0.5598	0.5063	2,694	112	4,813	222	(211)	(7)
<u>Sell US Dollars</u>								
Less than 3 months	0.7710	0.6937	9,791	211	12,696	304	(184)	(6)
<u>Sell Canadian Dollars</u>								
Less than 3 months	0.7665	0.7471	1,008	19	1,315	26	(46)	1
<u>Sell Great Britain Pounds</u>								
Less than 3 months	0.4780	0.4439	1,135	27	2,373	60	(18)	(4)
<u>Sell Australian Dollars</u>								
Less than 3 months	0.7724	-	25,081	-	19,373	-	(1,098)	-
					43,062	60,622	(1,550)	590

The Trust has entered into contracts economically to hedge their investments denominated in foreign currency.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

Liquidity Risk Tables - Financial Liabilities

The following tables detail the Trust's remaining contractual maturity for its non derivative 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.

Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000

2011

Non Interest Bearing Payables

- Trade and Other Payables	265	-	-	-	265
- Employee Entitlements	35	-	-	-	35
- Donations Payable	1,480	-	-	-	1,480
	<u>1,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,780</u>

2010

Non Interest Bearing Payables

- Trade and Other Payables	174	-	-	-	174
- Employee Entitlements	23	-	-	-	23
- Donations Payable	1,480	-	-	-	1,480
	<u>1,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,677</u>

16. DONATIONS

On 27 April 2011 the *Waikato Times* published a list totalling \$6,476,750 which showed the donations approved by the Trust during the year ended 31 March 2011.

\$

Total donations published in the *Waikato Times* 6,476,750

Less: Future conditional commitments included in above:

Matamata Netball Centre	(10,000)
Motiti Marae	(12,000)
Rauawaawa Kaumatua Charitable Trust	(16,000)
Te Awa River Ride Charitable Trust	(100,000)
Te Papa-o-Rotu Marae	(70,000)
Te Whanau Putahi	(50,000)
Waikato Hockey Charitable Trust	(32,000)
	<u>(290,000)</u>

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2011**

Add: Past conditional commitments paid during year:

Cambridge BMX Club	30,000
Eastlink - Lugton Park Combined Sports Association	55,000
Hamilton Hydrotherapy Pool Charitable Trust	130,000
Hamilton Roller Skating Club	10,000
Hauraki Plains Netball Association Inc	31,000
Hora Hora Marae	95,000
Morrinsville Historical Society Inc	75,000
Motiti Marae	20,000
Ngati Koroki Kahukura Trust	15,000
Ngati Maniapoto Marae Pact Trust Inc	170,000
Pouakani Marae Trustees	200,000
Purekireki Marae Committee	60,000
Raglan and District Museum Society	60,000
Raglan and District Museum Society	60,000
Raglan Cultural and Events Trust	15,000
Te Ihingarangi Marae	50,000
Te Whare Kura a Manaia	65,000
Totara Springs Christian Centre	70,000
Waikato Community Hospice Trust	20,000
	<u>1,231,000</u>

Less: Donations refunded during year:

Ngati Pukenga ki Waiau Society Inc	(2,500)
Habitat for Humanity Central North Island	(1,600)
Back Up New Zealand	(4,000)
River Action Focus Group	(5,000)
Waihi Social Development Group	(7,126)
	<u>(20,226)</u>

Total donations for the year shown in the Statement of Comprehensive Income 7,397,524**A full list of donations is available on request from the Trust office, or at www.trustwaikato.co.nz**

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

17. MEETING ATTENDANCE

The Trust held 29 formal meetings during the year. The following table records each Trustee's attendance at these formal meetings:

Trustee	Meeting Attendance	Honorarium \$	Meeting Fee \$	Total \$
Anderson, Josie (<i>Retired 31 May 2010</i>)	2	512	700	1,212
Astle, Dennis (<i>Retired 31 May 2010</i>)	3	512	1,050	1,562
Baddeley, Clint (<i>Deputy chair to 28 February 2011, Chair from 1 March 2011</i>)	24	5,846	11,135	16,981
Barriball, Peggy (<i>Appointed 1 June 2010</i>)	19	2,558	7,245	9,803
Doube, Bernadette (<i>Retired 31 May 2010</i>)	2	512	350	862
Gillespie, John	24	3,070	10,465	13,535
Hosking, Bruce (<i>Investment Committee Chair</i>)	25	4,070	27,690	31,760
Karalus, Peta (<i>Deputy Chair to 31 May 2010, Chair from 1 June 2010, Retired 28 February 2011</i>)	14	9,524	15,435	24,959
Kilbride, John (<i>Chair, Retired 31 May 2010</i>)	3	1,900	2,055	3,955
McConnell, Angus	16	3,070	6,895	9,965
Muru, Judith	23	3,070	8,015	11,085
Paenga, John (<i>Appointed 1 June 2010</i>)	19	2,558	8,925	11,483
Purnell, Max (<i>Retired 24 November 2010</i>)	16	2,047	5,950	7,997
Roa, Pam	24	3,070	9,800	12,870
Sporle, Raewyn (<i>Appointed 25 November 2010</i>)	3	1,023	840	1,863
Tan, Fee-Ching	20	3,070	8,925	11,995
Van der Heyden, Ali (<i>Appointed 1 June 2010</i>)	16	2,558	6,090	8,648
Viggers, Maxine (<i>Appointed 1 June 2010</i>)	22	2,558	9,100	11,658
Yates, Dianne	25	3,070	12,880	15,950
Total Remuneration				208,143

During the year the Trustees and Trust staff were invited to 193 separate formal and informal meetings and functions. The Trust was able to achieve representation at approximately 164 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, 66 such interests were recorded (2010 – 171) and 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 2011**

21. 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

2011	2010
NZ\$'000	NZ\$'000
369	352
369	352

Transactions with Executives

Executives were related to organisations that received donations totalling \$35,000 (2010 - \$42,000) 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 \$249,000 (2010 - \$486,500) 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.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2011**

22. DATABASE LOAN

The Trust and ten of the other eleven Community Trusts established under the 1988 Trustee Bank Restructuring Act are combining 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 expected to be in the order of \$1.5m. The Trust's estimated contribution to these costs is 8.16%.

It is envisaged that 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 value of each unit will be determined once project costs are finalised. 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.



Independent Auditor's Report

To the Beneficiaries 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 37. The financial statements comprise the statement of financial position as at 31 March 2011, the statements of comprehensive income, changes in equity 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) and International Standards on Auditing. 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 auditors we have no relationship with, or interests in, the Trust.

Opinion

In our opinion the financial statements of on pages 4 to 37:

- 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 2011 and of its financial performance and cash flows for the year then ended.

***Other Matter***

The financial statements of The Waikato Community Trust Incorporated, for the year ended 31 March 2010, were audited by another auditor who expressed an unmodified opinion on those statements on 21 June 2010.

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. M. C.' with a large, stylized flourish above the 'C'.

20 June 2011

Hamilton