SUPPLEMENT TO

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COMMUNITY TRUST OF SOUTHLAND

FINANCIAL STATEMENTS

PURSUANT TO SECTION 13 OF THE COMMUNITY TRUSTS ACT 1999

THE COMMUNITY TRUST OF SOUTHLAND FINANCIAL REPORT
For the Year Ended 31 March 2013

CONTENTS

THE COMMUNITY TRUST OF SOUTHLAND
TRUSTEE'S RESPONSIBILITY STATEMENT

The Trustees of The Community Trust of Southland ("the Trust") are pleased to present the financial statements for the year ended 31 March 2013.

The Trustees are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice, which give a true and fair view of the financial position of the Trust and Group as at 31 March 2013 and the results of their operations and cash flows for the year ended on that date.

The Trustees consider the financial statements of the Trust have been prepared using accounting policies which have been consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Trustees believe that proper accounting records have been kept which enable with reasonable accuracy, the determination of the financial position of the Trust and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Trustees have responsibility for the maintenance of a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Trustees consider that they have taken adequate steps to safeguard the assets of the Trust, and to prevent and detect fraud and other irregularities.

The Financial Statements are signed on behalf of the Board by:

Trustee

15 August 2013

Trustee

15 August 2013

THE COMMUNITY TRUST OF SOUTHLAND
STATEMENTS OF COMPREHENSIVE INCOME
For the Year Ended 31 March 2013

	Notes	Group 2013 $000	Group 2012 $000	Parent 2013 $000	Parent 2012 $000
Sales (by subsidiary)		2,450	2,330	-	-
Dividends		7,705	5,423	7,320	5,208
Interest	3	3,127	3,515	3,050	3,250
Unrealised Gains / (losses) from change in fair value of managed funds		10,483	(3,412)	10,483	(3,412)
Realised Gains from change in fair value of managed funds		1,229	1,171	1,229	1,171
Other income		267	281	4	4
		25,261	9,308	22,085	6,221
Plus Share of Associates Earnings		143	73	-	-
Less Investing Activity Expenses	4	3,237	3,458	729	741
Net Surplus from Investing Activities		22,167	5,923	21,356	5,480
Trust Expenses	4	1,255	1,295	1,255	1,364
Operating surplus before grants		20,912	4,628	20,101	4,116
Grants	5	6,482	11,993	2,549	1,124
Discount on Interest Free Community Loans		360	-	350	-
Net surplus / (deficit) before taxation		14,070	(7,365)	17,202	2,992
Taxation expense	6	104	74	-	-
Net surplus / (deficit) after taxation		13,966	(7,439)	17,202	2,992
Other comprehensive income / (loss)		22	(58)	22	(58)
Total comprehensive income / (loss) for the year		13,988	($7,497)	17,224	($2,934)
Surplus / (Deficit) is attributed to:					
Equity holders of the parent		13,859	(7,544)	17,202	(2,992)
Minority interest	13	107	105	-	-
		13,966	($7,439)	17,202	($2,992)
Total comprehensive income / (loss) is attributed to:					
Equity holders of the parent		13,881	(7,602)	17,224	(2,934)
Minority interest	13	107	105	-	-
		13,988	($7,497)	17,224	($2,934)

The financial statements should be read with the accompanying notes.

THE COMMUNITY TRUST OF SOUTHLAND
STATEMENTS OF CHANGES IN EQUITY
For the Year Ended 31 March 2013

Group	**Trust Capital**	**Unspent Grants Budget Reserve**	**Capital Maintenance Reserve**	**Grants Maintenance Reserve**	**Minority Interest**	**Other**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Balance at 31 March 2011	$158,460	$570	$38,984	($24,295)	$125	$Nil	$173,844
Net surplus after taxation	-	-	-	-	105	(7,544)	(7,439)
Revaluation of land/buildings	-	-	(58)	-	-	-	(58)
Minority Interest Adjustment			-	-	54	-	54
Transfer to/(from) reserves	-	-	233	(7,801)	-	7,544	(24)
Balance at 31 March 2012	$158,460	$570	$39,159	($32,096)	$284	$Nil	$166,377
Net surplus/(deficit) after taxation	-	-	-	-	107	13,859	13,966
Revaluation of land/buildings	-	-	-	-	-	22	22
Minority Interest Adjustment	-	-	-	-	(103)	-	(103)
Transfer to/(from) reserves	-	(570)	846	13,605	-	(13,881)	
Balance at 31 March 2013	$158,460	$Nil	$40,005	($18,491)	$288	$Nil	$180,262
Parent							
Balance at 31 March, 2011	$158,460	$570	$64,025	($55,566)	$Nil	$Nil	$167,489
Net surplus after taxation	-	-	-	-	-	2,992	2,992
Revaluation of land/buildings	-	-	(59)	-	-	-	(59)
Transfer to/(from) reserves	-	-	1,240	1,752	-	(2,992)	-
Balance at 31 March, 2012	$158,460	$570	$65,206	($53,814)	$Nil	$Nil	$170,422
Net (deficit) after taxation	-	-	-	-	-	17,203	17,203
Revaluation of land/buildings	-	-	-	-	-	22	22
Transfer to/(from) reserves	-	(570)	846	16,949	-	(17,225)	-
Balance at 31 March, 2013	$158,460	$Nil	$66,052	($36,865)	$Nil	$Nil	$187,647

THE COMMUNITY TRUST OF SOUTHLAND
STATEMENTS OF FINANCIAL POSITION
As at 31 March 2013

	Notes	Group 2013 $000	Group 2012 $000	Parent 2013 $000	Parent 2012 $000
Current Assets					
Cash and cash equivalents		1,601	1,017	886	410
Accounts receivable	11	513	290	10	33
Inventories	12	394	243	-	-
Prepayments		9	9	9	9
GST refund due		30	54	15	28
Loan Receivables	15	738	1,616	75	542
Taxation Refund Due	6	81	-	-	-
Deposit paid on Asset		597	-	-	-
Related Party Advances	29	-	-	9,166	1,476
Total current assets		3,963	3,229	10,162	2,498
Non-Current Assets					
Investment in Managed Funds	17	179,082	170,338	179,082	170,338
Investment in Associates	18	4,645	2,186	-	-
Investment in Subsidiaries	19	-	-	-	-
Investment in Listed Equities	16	496	168	496	168
Investment in Unlisted Equities	16	5,345	4,295	125	-
Loan Receivables	15	3,049	2,288	760	1,042
Goodwill	14	33	33	-	-
Intangibles		2	2	-	-
Property, plant and equipment	20	1,304	1,308	900	901
Database development	10	-	186	-	186
Total non-current assets		193,956	180,804	181,363	172,635
Total assets		197,919	184,033	191,525	175,133
Current Liabilities					
Accounts payable		740	409	36	262
Current tax liabilities	6	-	67	-	-
Other creditors		-	15	-	-
Accruals		193	35	103	-
Employee entitlements		74	112	33	40
Related Party Advances	29	-	-	-	-
Grant Obligations	9	10,189	10,946	1,843	2,075
		11,196	11,584	2,015	2,376
Non-current Liabilities					
Grant Obligations	9	6,262	6,073	1,863	2,335
Term Loans		200	-	-	-
Total non-current liabilities		6,462	6,073	1,863	2,335
Total liabilities		17,658	17,657	3,878	4,711
NET ASSETS		$180,262	166,376	$187,647	$170,422
Funds Employed					
Trust capital	7	158,460	158,460	158,460	158,460
Reserves	8	21,513	7,632	29,187	11,962
Equity attributable to equity holders of parent		179,973	166,092	187,647	170,422
Minority Interest	13	289	284	-	-
TOTAL FUNDS EMPLOYED		$180,262	$166,376	$187,647	$170,422

The financial statements should be read with the accompanying notes.

THE COMMUNITY TRUST OF SOUTHLAND
STATEMENTS OF CASH FLOWS
For the Year Ended 31 March 2013

		Group		Parent	
	Notes	2013 $000	2012 $000	2013 $000	2012 $000
Cash Flows from Operating Activities					
Cash was provided from (applied to):					
Receipts from customers		2,717	2,743	4	4
Interest and dividends		10,608	8,938	10,405	8,389
Payments to suppliers and employees		(2,909)	(3,294)	(1,093)	(966)
Other expenses		(1,256)	(1,056)	(921)	(924)
Grants paid		(7,050)	(9,341)	(3,253)	(3,896)
Net cash outflows from Operating Activities	22	2,110	(2,011)	5,142	2,608
Cash Flows from Investment Activities					
Cash was provided from (applied to):					
Managed Funds		2,559	3,685	2,968	3,792
Investments in unlisted equities		(739)	292		-
Investment in associates/subsidiaries		(2,435)	(2,112)	(7,691)	(6,414)
Loan Receivables		(412)	249	399	-
Intangibles		-	(3)	-	-
Trust advances		-	-	-	232
Property, plant and equipment		(103)	(107)	(15)	(27)
Deposit paid on asset		(597)	-	-	-
Database development		-	(15)	-	(15)
Net cash inflows from Investing Activities		(1,727)	1,989	(4,338)	(2,433)
Cash Flows to Financing					
Cash was (applied to):					
Term Loans		200	-	-	-
Net cash outflows from Financing Activities		200	-	-	-
Net increase / (decrease) in Cash held		584	(22)	476	174
Add cash at beginning of year		1,017	1,039	410	236
Total Cash Balance at End of Year		$1,601	$1,017	$886	$410
Represented by:					
Cash and cash equivalents		$1,601	$1,017	$886	$410

The financial statements should be read with the accompanying notes.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

1. GENERAL INFORMATION

Reporting Entity

The financial statements represented are those for the reporting entity The Community Trust of Southland (the "Parent") its subsidiaries and associates together (the "Group").

The Community Trust of Southland ("the Trust") was formed under the Trustee Banks Restructuring Act 1988 and is incorporated under the Charitable Trusts Act 1957.

The Community Trust of Southland ("the Trust") registered office is 62 Don Street, Invercargill

The financial statements comply with the Financial Reporting Act 1993 and the Community Trusts Act 1999.

These consolidated financial statements have been approved for issue by the Trustees on 15 August 2013.

The Group's owners do not have the power to amend these consolidated financial statements once issued.

2. STATEMENT OF ACCOUNTING POLICIES

Statement of Compliance
These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). 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.

(a) Basis of Preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Historical cost convention
The financial statements have been prepared on the basis of historical cost as modified by the revaluation of certain assets as identified in specific accounting policies below.

Presentation and functional currency
These financial statements are presented in New Zealand dollars, which is the Group's functional and presentation currency. All figures are rounded to the nearest thousand.

Going Concern assumption
These financial statements have been prepared on a going concern basis.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Critical Accounting Estimates & Judgements
In the application of NZ IFRS management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 to these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

2. STATEMENT OF ACCOUNTING POLICIES (Cont'd)

b) Principles of Consolidation

The Group financial statements incorporate the financial statements of the Trust and all entities controlled by the Trust (its subsidiaries) that comprise the Group, being Community Trust of Southland (the parent entity) and its subsidiaries Invest South Holdings Limited, Invest South GP Limited, Southland Community Trust Charities Limited and Invest South Limited Partnership.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Subsidiaries which form part of the Group are consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the statements of comprehensive income.

Intercompany transactions, balances and unrealised gains on transactions between subsidiary companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

(ii) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Associates

Associates are all entities over which the Group has significant influence but not control, generally evidenced by a holding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associate includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit and loss component of the statements of comprehensive income, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the profit and loss component of the statements of comprehensive income.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

2. STATEMENT OF ACCOUNTING POLICIES (Cont'd)

c) Income Tax

Income tax for the period is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

d) Income Recognition

Income is measured at the fair value of the consideration received or receivable. Income is reduced for estimated customer returns, rebates and other similar allowances.

(i) Sales of goods
Sales of goods are recognised when a Group entity has transferred the significant risks and rewards of ownership of the goods to the customer. Retail sales are usually made by cash or by credit card. The recorded revenue is the gross amount of sale, including credit card fees payable for the transaction. Such fees are included in distribution costs.

(ii) Sales of services
Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(iii) Interest income
Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

(iv) Dividend income
Dividend income is recognised when the right to receive payment is established.

e) Goods and Services Tax (GST)

The statements of comprehensive income have been prepared so that all components are stated exclusive of GST. All items in the statements of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

f) Impairment of non financial assets

All non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

g) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs including an appropriate portion of fixed and variable overhead expenses are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on a first-in-first-out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

2. STATEMENT OF ACCOUNTING POLICIES (Cont'd)

h) Property, Plant & Equipment

Property, plant and equipment are those assets held by the Group for the purpose of carrying on its business activities on an ongoing basis.

All plant and equipment is stated at cost less depreciation and impairment. The cost of purchased assets includes the original purchase consideration given to acquire the assets, and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended service.

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 Group and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statements of comprehensive income during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost of assets, other than freehold land, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The following rates have been used:

Plant & machinery	7.5% - 76.2%	Diminishing value
Office equipment	11.4 - 60%	Diminishing value
Furniture & fittings	14.4 - 18%	Diminishing value
Motor vehicles	25 - 30%	Diminishing value

An 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. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statements of comprehensive income.

Land and buildings are measured at fair value. Fair value is determined on the basis of an annual independent valuation prepared by external valuation experts, based on a discounted cash flows or capitalisation of net income approach. The fair values are recognised in the financial statements of the Trust, and are reviewed at the end of each reporting period to ensure the carrying value of land and buildings is not materially different from their fair values.

Any revaluation increase arising on the revaluation of land and buildings in credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increased in credited to the statements of comprehensive income to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of land and buildings is charged as an expense in profit or loss to the extent it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of the asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale of the revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

i) Trade other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off as bad debts in the period in which they are identified. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statements of comprehensive income.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

2. STATEMENT OF ACCOUNTING POLICIES (Cont'd)

j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

k) Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction, net of tax, for the proceeds.

l) Currency Translation

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 Statements of Comprehensive Income.

m) Employee entitlements

Liabilities for wages and salaries, including non-monetary benefits, annual leave, to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

n) Investment in subsidiaries and associates

Investment in subsidiaries and associates in the Parent financial statements are stated at cost less any impairment losses.

o) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or in the normal operating cycle of the business if longer. If not, they are presented as non-current liabilities.
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

p) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

2. STATEMENT OF ACCOUNTING POLICIES (Cont'd)

q) Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of the identifiable tangible and identifiable intangible assets, liabilities and contingent liabilities of the subsidiary recognised at the time of acquisition of a business or subsidiary. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the groups cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

r) Statements of Cash Flows

The Statements of Cash Flows are prepared exclusive of Goods and Services Tax (GST), which is consistent with the method used in the statements of comprehensive income. Cash and cash equivalents comprise cash on hand and demand deposits, and other short term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and includes all call borrowing such as bank overdrafts used by the trust as part of their day-to-day cash management.

'Operating activities' represents all transactions and other events that are not investing or financing activities, and includes receipts and repayments of occupancy advances.

'Investing activities' are those activities relating to the acquisition and disposal of property, plant & equipment.

'Financial activities' are those activities relating to changes in the debt capital structure of the Group.

s) Financial Assets & 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 time frame established by the market concerned, and are recognised at fair value through profit or loss.

Financial Assets

Financial assets are classified into the following specified categories financial assets "at fair value through profit or loss" (or "FVTPL"), "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 COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

2. STATEMENT OF ACCOUNTING POLICIES (Cont'd)

s) Financial Assets & Liabilities (Cont'd)

Financial Assets at Fair Value through Profit or Loss

The Trust classifies its Managed Funds and Investments in listed and unlisted equities 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.

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 Managed Funds 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 Managed Funds 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 Financial Performance. 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 Financial Performance in the period in which they arise. Interest income from financial assets at fair value through profit or loss is recognised in the Income Statement as part of the Gains and losses arising from changes in the fair value. Dividend income from financial assets at fair value through profit or loss is recognised in the Income Statement as part of the Gains and losses arising from changes in the fair value when the Trust's right to receive payments is established.

Loans & Receivables

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Accounts receivable, Advances to third parties, Short Term Deposits and Trust Advances 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.

Other Financial Liabilities

Other liabilities include Accounts Payable and Grants committed not paid.

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.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

2. STATEMENT OF ACCOUNTING POLICIES (Cont'd)

s) Financial Assets & Liabilities (Cont'd)

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 Accounts Receivable 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.

t) New accounting standards and interpretations not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 2013 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

NZ IFRS 9 *Financial Instruments* (effective for annual reporting periods beginning on or after 1 January 2015)
The new standard addresses the classification, measurement and de-recognition of financial assets and financial liabilities. When the standard is adopted, there is not expected to result in a change in measurement for financial assets as the current categorisation of loans and receivables is expected to remain the same. The Group would not have any transactions to disclose under the new IAS 1 and IFRS 7 disclosure requirements relating to gain or loss arising on de-recognition of financial assets measured at amortised cost. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated as at fair value through profit or loss and the Group does not have any such liabilities. The de-recognition rules have been transferred from NZ IAS 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The Group has not yet decided when to adopt NZ IFRS 9.

NZ IFRS 13 *Fair Value Measurement* (effective for annual reporting periods beginning on or after 1 January 2013)
NZ IFRS 13 explains how to measure fair value and aims to enhance fair value disclosures. The Group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 31 March 2014.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

2. STATEMENT OF ACCOUNTING POLICIES (Cont'd)

t) New accounting standards and interpretations not yet effective (Cont'd)

NZ IAS 1 ***Amendments Presentation of Items of Other Comprehensive Income*** (effective for annual reporting periods beginning 1 July 2012)
The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. This will not affect the measurement of any of the items recognised in the balance sheet or the profit or loss in the current period. The Group intends to adopt the new standard from 1 April 2013.

Other standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2013 or later, but the Group has not early adopted them as they are not applicable to the Group, or the interpretation of the standards as clarified by amendments was the same as already applied by the Group.

Application of these standards, amendments and interpretations is not expected to have a material impact on the Group's financial position and results in the period of initial application.

3. INTEREST

	Group		Parent	
	2013	**2012**	**2013**	**2012**
	$000	**$000**	**$000**	**$000**
Cash and cash equivalents	40	23	11	5
Interest on Advances	3,087	3,492	3,039	3,245
	$3,127	$3,515	$3,050	$3,250

4. INVESTING ACTIVITY AND TRUST EXPENSES

The presentation of the Statement of Comprehensive Income has been changed this year to separate the expenditure of running the Trust from the expenditure incurred by the Trust's subsidiaries that form part of the Trust's investing activities

The breakdown of expenses into Investing activity costs and Trust operating costs for the Group for the year ended 31 March 2013 is as follows:

Group	**Note**	**Investing activity costs**	**Trust operating costs**	**Total Group 2013**
Opening inventory of subsidiary		243	-	243
Purchase of materials and consumables		1,142	-	1,142
Closing inventory of subsidiary		(394)	-	(394)
Trustees' fees	24	-	192	192
Directors' fees		83	-	83
Employee entitlements		713	579	1,292
Fund managers' fees		729	-	729
Depreciation/Amortisation		73	99	172
Impairment provision on investments		99	-	99
Loss on sale of investments		-	-	-
Audit of the financial statements		32	30	62
Administration expenses		517	355	872
		3,237	1,255	4,492

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

4. ADMINISTRATION EXPENSES (Cont'd)

The breakdown of expenses into Investing activity costs and Trust operating costs for the Group for the year ended 31 March 2012 is as follows:

Group	Note	Investing activity costs	Trust operating costs	Total Group 2012
Opening inventory of subsidiary		220	-	220
Purchase of materials and consumables		986	-	986
Closing inventory of subsidiary		(243)	-	(243)
Trustees' fees	24	-	183	183
Directors' fees		71	-	71
Employee entitlements		655	549	1,204
Fund managers' fees		741	-	741
Depreciation/Amortisation		75	55	130
Bad debts		2	-	2
Impairment provision on investments		236	-	236
Loss on sale of investments		107	-	107
Audit of the financial statements		12	28	40
Other services - Deloitte		31	-	31
Administration expenses		565	480	1,045
		3,458	1,295	4,753

The breakdown of expenses into Investing activity costs and Trust operating costs for the Parent for the year ended 31 March 2013 is as follows:

Parent	Note	Investing activity costs	Trust operating costs	Total Parent 2013
Opening inventory of subsidiary		-	-	-
Purchase of materials and consumables		-	-	-
Closing inventory of subsidiary		-	-	-
Trustees' fees	24	-	192	192
Directors' fees		-	-	-
Employee entitlements		-	579	579
Fund managers' fees		729	-	729
Depreciation/Amortisation		-	99	99
Impairment provision on investments		-	-	-
Loss on sale of investments		-	-	-
Audit of the financial statements		-	30	30
Administration expenses		-	355	355
		729	1,255	1,984

THE COMMUNITY TRUST OF SOUTHLAND
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For the Year Ended 31 March 2013

4. ADMINISTRATION EXPENSES (Cont'd)

The breakdown of expenses into Investing activity costs and Trust operating costs for the Parent for the year ended 31 March 2012 is as follows:

Parent	Note	Investing activity costs	Trust operating costs	Total Parent 2012
Opening inventory of subsidiary		-	-	-
Purchase of materials and consumables		-	-	-
Closing inventory of subsidiary		-	-	-
Trustees' fees	24	-	183	183
Directors' fees		-	-	-
Employee entitlements		-	549	549
Fund managers' fees		741	-	741
Depreciation/Amortisation		-	55	55
Bad debts		-	-	-
Impairment provision on investments		-	-	-
Loss on sale of investments		-	-	-
Audit of the financial statements		-	28	28
Other services - Deloitte		-	-	-
Administration expenses		-	480	480
Other expenses		-	69	69
		741	1,364	2,105

5. GRANTS

	Group		Parent	
	2013 $000	2012 $000	2013 $000	2012 $000
Committed and payable in the current year	5,544	9,549	2,410	3,608
Committed and not payable until future years	938	2,444	139	1,386
Transfer to Charities	-	-	-	(3,870)
	$6,482	$11,993	$2,549	$1,124

The Trustees have resolved that any unspent portion of the approved Grants budget for a year that remained unspent at year end would be carried forward in an "Unspent Grants Reserve", available to be spent in future years.

6. TAXATION

Taxation expense of $104,305 (2012: $74,000). In 2013, a taxation refund is due of $80,511, in 2012, taxation payable due was $67,000. Taxation relates to the subsidiary entities.

The Community Trust of Southland is exempt from Income Tax.

7. TRUST CAPITAL

Opening and closing balance	$158,460	$158,460	$158,460	158,460
	$158,460	$158,460	$158,460	$158,460

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

	Group		Parent	
	2013	2012	2013	2012
	$000	$000	$000	$000

8. RESERVES

Capital Maintenance Reserve	40,005	39,159	66,052	65,206
Grants Maintenance Reserve	(18,492)	(32,097)	(36,866)	(53,814)
Unspent Grants Budget Reserve	-	570	-	570
	$21,513	$7,632	$29,187	$11,962

9. GRANT OBLIGATIONS

Commitments of $3,705,300 (2012:$4,408,890) exist for grants of the parent and $16,450,358 (2012:$17,018,701) for the group which will be distributed from either capital or income sources in future years.

Balance at 1 April	17,019	14,400	4,409	7,163
Grants approved in current year	5,564	9,462	2,418	3,616
Grants paid in current year	(7,075)	(9,232)	(3,265)	(3,867)
Grants approved relating to future years	1,309	3,059	501	1,616
Grants withdrawn for current year	(20)	(61)	(8)	(25)
Grants withdrawn for prior years	(487)	(671)	(362)	(231)
Grant Refunds	25	-	12	-
Change in present value	115	62	-	7
Transfer to Charities	-	-	-	(3,870)
	$16,450	$17,019	$3,705	$4,409

The years in which these commitments fall due are as follows:

Year ending 31 March 2012	-	10,946	-	2,075
Year ending 31 March 2013	10,189	4,267	1,842	1,706
Year ending 31 March 2014	3,410	1,806	238	628
Year ending 31 March 2015	2,079	-	853	-
Year ending 31 March 2016	411	-	411	-
Year ending 31 March 2017	361	-	361	-
	$16,450	$17,019	$3,705	$4,409

All grants committed but not paid at balance date are initially recognised at committed value, but are then adjusted to reflect their fair value in present day dollar terms. This adjustment is achieved by discounting the future grants payable at a rate of 3.00% per annum, for each of the years from balance date until the date the grant is due to be paid.

10. DATABASE DEVELOPMENT

In 2012, the combined Community Trusts throughout New Zealand were jointly developing a shared database, to be used across 11 of the 12 Community Trusts. The Database Development costs of $186,000 were the Group's share of the costs incurred on this joint project until 31 March 2012. In 2013, this cost ($186,000) was converted into a 6% share in the new joint entity created called Te Kete Putea Ltd Pship. The investment "Te Kete Putea Ltd Pship" is then amortised at 20% of cost annually.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

	Group		Parent	
	2013 $000	**2012 $000**	**2013 $000**	**2012 $000**
11. ACCOUNTS RECEIVABLE				
Trade receivables	513	370	10	33
Allowance for doubtful debts	-	(80)	-	-
	$513	$290	$10	$33

The allowance for doubtful debts in relation to trade receivables is provided for based on estimated irrecoverable amounts determined by reference to current customer circumstances and past default experience. In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date.

12. INVENTORIES

Raw materials and packing	363	224	-	-
Finished goods	31	19	-	-
	$394	$243	$Nil	$Nil

13. MINORITY INTEREST

Opening balance at the beginning of the year	284	125	-	-
Share of profits for the year	107	105	-	-
Minority Interest Adjustment	(102)	54	-	-
Closing Balance	$289	$284	$Nil	$Nil

14. GOODWILL

Gross carrying amount				
Balance at beginning of financial year	33	33	-	-
Additions during the period	-	-	-	-
Impairment charge	-	-	-	-
	$33	$33	$Nil	$Nil

Allocation of goodwill to cash-generating units
Goodwill has been allocated for impairment testing purposes to the following cash-generating units representing the lowest level at which management monitor goodwill – Back Country Foods.

During the year ended 31 March 2013, management have determined that there is no evidence of impairment of any of the cash generating units containing goodwill.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

		Group		Parent	
		2013	2012	2013	2012
		$000	$000	$000	$000
15. LOAN RECEIVABLES					
Loans		4,144	3,958	1,185	1,584
Impairment provision		(7)	(54)	-	-
Discount provision		(350)	-	(350)	-
		$3,787	$3,904	$835	$1,584
Loans to third Parties		1,031	2,199	-	-
Loans to unlisted equity entities/associates and subsidiaries		1,852	38	-	-
Loans to Community Groups	(i)	904	1,667	835	1,584
		$3,787	$3,904	$835	$1,584
Current Portion		738	1,616	75	542
Non Current Portion		3,049	2,288	760	1,042
		$3,787	$3,904	$835	$1,584

The loan receivables relate to lending activities carrying interest rates between 5% and 13%. A selection of the loans to entities where the Group is also a shareholder, do not earn interest.

(i) Loans to Community Groups

	Group 2013	Group 2012	Parent 2013	Parent 2012
Southland Outdoor Stadium Trust	750	750	750	750
Southland Rural Fire Authority	-	10	-	10
Northern Southland Medical Trust	50	50	-	-
Otautau Community Health Trust	3	6	-	-
Troopers Memorial Corner Charitable Trust - Yule House	110	120	110	120
Wyndham Rest Home	75	100	75	100
Borland Lodge	-	323	-	323
Arrowtown Trust	100	100	100	100
South Catlins Environmental and Development Trust	150	150	150	150
Waihopai Rowing Club	-	31	-	31
Sport Southland	19	27	-	-
Discount Provision	(353)	-	(350)	-
	$904	$1,667	$835	$1,584

Loans are interest free, with the exception of the loan to Borland Lodge which incurs interest at a fixed rate of 6.5% which is capitalised to the loan. To comply with IFRS, all interest free loans have been discounted to present value at the market rate of 5.75%. This has resulted in $352,548 being expensed in the current year (2012: Nil). This calculation will be re-calculated each year with the resulting gain/loss being returned through the statement of financial performance.

THE COMMUNITY TRUST OF SOUTHLAND
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16(a). INVESTMENT IN UNLISTED EQUITIES

	Group 2013 $000	Group 2012 $000	Parent 2013 $000	Parent 2012 $000
IZON Limited	250	250	-	-
Impairment provision	(44)	(58)	-	-
	206	192	-	-
Areograph Limited	393	393	-	-
Impairment provision	(393)	(290)	-	-
	-	103	-	-
Fiordland Lobster Company Limited	2,000	2,000	-	-
Rothbury Group Limited	2,000	2,000	-	-
Waikaia Gold Limited	1,014	-	-	-
Te Kete Putua Limited Partnership	125	-	125	-
	$5,345	$4,295	$125	$-

Investments in unlisted equities are shown at cost, as it is not possible to get a reliable fair value estimate.

16(b). INVESTMENTS IN LISTED EQUITIES

	Group 2013 $000	Group 2012 $000	Parent 2013 $000	Parent 2012 $000
Pacific Edge Biotechnology Limited	496	168	496	168
	$496	$168	$496	$168

17. MANAGED FUNDS

The Group has funds with seven investment managers (Fund Managers) as follows:

- AMP Capital Investors
- Capital International
- Direct Capital
- First New Zealand Capital
- Franklin Templeton
- Pacific Investment Management Company (PIMCO)
- Tyndall Investment Management

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

Note 17: continued.

The fair value of the Managed Funds investments as at 31 March 2013 was as follows:

Group & Parent	AMP Capital $000	Capital International $000	Direct Capital $000	First NZ Capital $000	Franklin Templeton $000	PIMCO $000	Tyndall Investment $000	Total $000
Australasian Equities	36,777		884					37,661
Overseas Equities		14,925			16,669			31,594
NZ Fixed Interest							45,809	45,809
Overseas Fixed Interest						54,895		54,895
Property Equities	7,068							7,068
Foreign Exchange contracts							275	275
Unsettled Trades							76	76
Cash	1,087			16			601	1,704
Total	$44,932	$14,925	$884	$16	$16,669	$54,895	$46,761	$179,082

The fair value of the Managed Funds investments as at 31 March 2012 was as follows:

Group & Parent	AMP Capital $000	Capital International $000	Direct Capital $000	First NZ Capital $000	Franklin Templeton $000	PIMCO $000	Tyndall Investment $000	Total $000
Australasian Equities	15,944		695	15,693				32,332
Overseas Equities		13,391			15,137			28,528
NZ Fixed Interest							45,296	45,296
Overseas Fixed Interest						53,882		53,882
Property Equities				6,479				6,479
Foreign Exchange contracts							701	701
Unsettled Trades							79	79
Cash	175			102			2,764	3,041
Total	16,119	13,391	695	22,274	15,137	53,882	48,840	170,338

Exposure to currency, interest rate and credit risk arises in the normal course of the Fund Managers management of the Managed Funds. A range of hedging policies are in place whereby the Fund Managers use derivative financial instruments as a means of managing exposure to fluctuations in foreign exchange rates and interest rates. While these financial instruments are subject to the risk of market rates changing subsequent to acquisition, such changes would generally be offset by opposite effects and the items being hedged.

THE COMMUNITY TRUST OF SOUTHLAND
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For the Year Ended 31 March 2013

18. INVESTMENT IN ASSOCIATES

Associates	Percentage Held 2013	Percentage Held 2012	Balance Date	Principal Activity	Consolidated Carrying Amount 2013 $	Consolidated Carrying Amount 2012 $
Bush Road Limited	30%	30%	31 March	Vegetable Processors and Wholesalers	49	113
Taha Asia Pacific Limited	32%	32%	31 March	Dross Recycling	2,281	2,073
Benmore Salmon Ltd	49.85%	- %	31 March	Salmon Farm	2,315	-

All entities are incorporated in New Zealand.

Interests in associates

	Group 2013 $000	Group 2012 $000	Parent 2013 $000	Parent 2012 $000
Movements in carrying amounts				
Shares at cost	$4,494	$2,000	-	-
Opening Balance	2,186	2,000	-	-
Acquisition of Associates	2,380	-	-	-
Impairment	(64)	-	-	-
Reversal of an Impairment	-	113	-	-
Share of total recognised revenues and expenses	143	73	-	-
Balance at 31 March 2013	$4,645	$2,186	$Nil	$Nil

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

19. INVESTMENT IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2(b):

The subsidiary is incorporated in New Zealand.

Subsidiaries	Percentage Held	Balance Date	Principal Activity
Southland Community Trust Charities Limited	100%	31 March	Distribution of grants to charitable organisations
Invest South Holdings Limited (formerly Invest South Limited)	100%	31 March	Debt funding and equity investments
Invest South GP Limited	100%	31 March	Management company
Invest South Limited Partnership	100%	31 March	Asset Management
Back Country Foods Limited	59.2%	31 March	Freeze dried food producer

20. PROPERTY, PLANT & EQUIPMENT

	Land	Buildings	Equipment	Furniture & Fittings	Motor Vehicles	Total
	$000	$000	$000	$000	$000	$000
Group						
Cost or Valuation at 31 March 2011	375	741	634	257	156	2,163
Additions/Revaluations	-	-	59	13	25	97
Disposals/Revaluations	(15)	(6)	(41)	-	(22)	(84)
Cost or Valuation at 31 March 2012	360	735	652	270	159	2,176
Additions/Revaluations	-	22	117	18	-	157
Disposals/Revaluations	-	-	(238)	-	(2)	(240)
Cost or Valuation at 31 March 2013	360	757	531	288	157	2,093
Accumulated depreciation at 31 March 2011	-	266	278	195	36	775
Depreciation	-	20	73	5	30	128
Disposals	-	-	(17)	-	(18)	(35)
Accumulated depreciation at 31 March 2012	-	286	334	201	48	868
Depreciation	-	22	94	8	30	154
Disposals	-	-	(232)	-	(1)	(233)
Accumulated depreciation at 31 March 2013	-	308	196	208	77	789
Net book value 31 March 2012	$360	$449	$318	$70	$111	$1,308
Net book value 31 March 2013	$360	$450	$334	$80	$80	$1,304

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

20. PROPERTY, PLANT & EQUIPMENT (Cont'd)

	Land	Buildings	Equipment	Furniture & Fittings	Motor Vehicles	Total
	$000	$000	$000	$000	$000	$000
Parent						
Cost or Valuation at 31 March 2011	375	741	283	161	77	1,637
Additions/Revaluations	-	-	4	7	-	11
Disposals/Revaluations	(15)	(6)	(21)	-	-	(42)
Cost or Valuation at 31 March 2012	360	735	266	168	77	1,606
Additions/Revaluations	-	22	61	-	-	83
Disposals/Revaluations	-	-	(169)	-	(2)	(171)
Cost or Valuation at 31 March 2013	360	757	158	168	75	1,518
Accumulated depreciation at 31 March 2011	-	266	225	152	7	650
Depreciation	-	20	17	2	16	55
Disposals	-	-	-	-	-	-
Accumulated depreciation at 31 March 2012	-	286	242	154	23	705
Depreciation	-	22	41	2	16	81
Disposals	-	-	(166)	-	(1)	(167)
Accumulated depreciation at 31 March 2013	-	308	117	156	38	619
Net book value 31 March 2012	$360	$449	$24	$14	$54	$901
Net book value 31 March 2013	$360	$450	$41	$12	$37	$900

The March 2013 valuation of freehold land and buildings was completed by Chadderton Valuation, an independent valuer (the March 2012 valuation was also completed by Chadderton Valuation). Revaluations take place annually.

21. KEY MANAGEMENT PERSONNEL

The compensation of the Executives, being the key management personnel is set out below:

	Group		Parent	
	2013	2012	2013	2012
	$000	$000	$000	$000
Short term employee benefits	336	316	194	191
	$336	$316	$194	$191

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22. RECONCILIATION WITH OPERATING SURPLUS

	Group		Parent	
	2013 $000	**2012 $000**	**2013 $000**	**2012 $000**
Net surplus/(deficit) after taxation	13,966	(7,439)	17,202	2,992
Add (less) movement in working capital				
(Increase)/decrease in accounts receivable	(223)	134	23	(18)
(Increase)/decrease in inventory	(151)	(23)	-	-
(Increase)/decrease in prepayments and tax refund due	(148)	13	-	20
Increase/(decrease) in accounts payable and GST	355	(51)	(213)	48
Increase/(decrease) in other creditors and accruals	143	13	103	-
Increase/(decrease) in employee entitlements	(38)	51	(7)	23
Increase/(decrease) in grants committed not paid	(570)	2,648	(704)	(2,753)
	(632)	2,785	(798)	(2,680)
Add (less) movement in non-cash items				
Gains/(losses) from change in fair value investments	(10,483)	3,412	(10,483)	3,412
Depreciation	172	130	99	55
Gains/(losses) from investments at FVTPL	(1,229)	(1,171)	(1,228)	(1,171)
Impairment on investments/advances	99	238	-	-
Share of associate's earnings	(143)	(73)	-	-
Loss on Sale of Investments	-	107	-	-
Discounted Interest free loans	360	-	350	-
	(11,224)	2,643	(11,262)	2,296
Net cash outflows from operating activities	$2,110	($2,011)	$5,142	$2,608

23. FINANCIAL INSTRUMENTS

Financial Risk Management

The Trust's activities expose it to a variety of financial risks including market risk (including fair value interest rate risk, cash flow interest rate risk, currency 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 any transactions that are speculative in nature to be entered into.

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.

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23. FINANCIAL INSTRUMENTS (Cont'd)

The measures the Trustees have put in place to manage these risks are:

- to retain an investment advisor to advise the Trust as to appropriate investment objectives, policies, and strategies
- to use external Fund Managers to undertake the management of the investments
- to operate a widely diversified portfolio of investments

Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the fair 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 fixed rate cash at bank and fixed rate cash deposits with fund managers.

Cash Flow Interest Rate Risk

Cash flow interest rate risk is the risk that the cash flows from a variable rate 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.

Currency Risk

Currency risk is the risk that the value of a foreign currency denominated 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.

Equity Price Risk

The Trust is exposed to equity price risk. This arises from Managed Funds held by the Trust and classified as financial assets at fair value through profit and loss.

Credit Risk Management

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

The Group from time to time has significant funds in trading bank deposits. The Group limits risk by spreading the deposits over several trading banks. The Group has not required collateral or other security to support its financial instruments. The Group further limits risk through its policy of placing Managed Funds with eight separate fund managers, with each fund manager having an investment mandate which requires that they diversify their instruments on the Group's behalf. The Group has sought and obtained the advice of professional financial advisers prior to making its investment allocations and placement decisions.

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 collectively provide liquidity equivalent to an average level of two years' grant distributions allowing for expected interest income.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

23. FINANCIAL INSTRUMENTS (Cont'd)

Capital Risk Management

The Group's objectives 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 Trust capital and reserves. The Trustees review the Trust funds and risks associated with the Trust funds, with advice and guidance from the Trust's investment advisor.

Following the sale of the Group's shares in Trust Bank New Zealand Limited in April 1996 for $158,460,000, 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 region. For this purpose the Trustees agreed that $158,460,000 would be considered as the "Trust Capital" value of the Group. Trustees further agreed that over the long term the net assets of the Group would not be allowed to reduce to a level below the inflation-adjusted real value of this Trust Capital.

The Trustees have adopted an investment strategy with a targeted long term real annual rate of return of 5.5% 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 grants policy is to distribute annually as grants an amount equivalent to $8.5 million in 2007 dollar terms, inflation-adjusted each year thereafter. This amount has been calculated based on the Trustees' long term investment expectations, together with the objective of maintaining the capital value of the fund 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 grants 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 Policy aims to achieve a long term asset allocation of:

Australasian Equities	20%
Overseas Equities	20%
New Zealand Fixed Interest	20%
Overseas Fixed Interest	25%
Property	5%
Unlisted Equities	5%
New Zealand Cash	5%
	100%

Capital Maintenance Reserve

The Capital Maintenance Reserve represents the additional amount necessary to preserve the real value of the Trust Capital allowing for inflation as measured by the Consumers Price Index (all groups), and payments of grants out of capital.

Grants Maintenance Reserve

While the Trustees have adopted a long-term investment strategy, they accept that annual returns from investments are likely to fluctuate from year to year. In recognition of this a Grants Maintenance Reserve is maintained. In years when net income from investments is higher than the grant levels, surplus income will be transferred to this reserve. In years when there is insufficient income to sustain the level of grants, an appropriate amount will be transferred from the Grants Maintenance Reserve to income.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

23. FINANCIAL INSTRUMENTS (Cont'd)

The following table details the Group's sensitivity to certain risks as follows:

- Interest rate risk +/- movement in interest rates of 100 basis points
- Foreign exchange +/- movement in foreign exchange rates of 10%
- Equity price risk +/- in equity prices of 10%

	Interest Rate Risk		Foreign Exchange Risk		Equity Price Risk	
	-1%	+1%	-10%	+10%	-10%	+10%
31 March 2013	$'000	$'000	$'000	$'000	$'000	$'000
Net Surplus/(Deficit)	$4,353	($4,353)	$5,485	($4,487)	$8,683	($8,683)
Total Funds Employed	$4,353	($4,353)	$5,485	($4,487)	$8,683	$8,683

	Interest Rate Risk		Foreign Exchange Risk		Equity Price Risk	
	-1%	+1%	-10%	+10%	-10%	+10%
31 March 2012	$'000	$'000	$'000	$'000	$'000	$'000
Net Surplus/(Deficit)	$4,246	$(4,246)	$4,982	$(4,076)	$(7,422)	$(7,422)
Total Funds Employed	$4,246	$(4,246)	$4,982	$(4,076)	$(7,422)	$(7,422)

The above sensitivity analysis has been prepared based on the following assumptions:

1. The assets and liabilities as at year end remain the same throughout the ensuing year.
2. Each of the sensitivities is performed in isolation.
3. For the purposes of assessing foreign exchange risk, it has been assumed that the offshore equity investments held by the Trust are domiciled in the following currencies:

US$	50%
Euros	30%
Yen	20%

The Trust's offshore fixed interest investments are fully hedged, and therefore no foreign exchange risk exists in respect of those investments.

Liquidity & Interest Risk tables - Financial Liabilities

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

	Less than 1 year $'000	1-2 Years $'000	2-3 Years $'000	More than 3 years $'000	Total $'000
2013					
Accounts payable	740	-	-	-	740
Grants committed not paid	10,189	3,410	2,079	773	16,451
Term Loan	-	200	-	-	200
	10,929	3,410	2,079	773	17,191

	Less than 1 year $'000	1-2 Years $'000	2-3 Years $'000	More than 3 years $'000	Total $'000
2012					
Accounts payable	409	-	-	-	409
Grants committed not paid	10,946	4,267	1,806	-	17,019
	$11,355	$4,267	$1,806	$-	$17,428

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

23. FINANCIAL INSTRUMENTS (Cont'd)

Fair Value Hierarchy

The following table details the basis for the valuation of financial assets measured at fair value. This includes those financial assets that are fair valued through the profit and loss. Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair Value may be determined using different methods depending on the type of asset. The three levels of fair value used in the table are defined below

<u>Level 1 Quoted Market Value</u>
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 or broker and those prices represent actual and regularly occurring market transactions on an arm's length basis. Instruments in Level 1 comprise primarily of shares listed on the New Zealand and Australian Stock Exchanges.

<u>Level 2 Observable Markets</u>
The fair value of financial instruments that are not traded in an active market are determined 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 fair value an instrument are observable, the instrument is included in Level 2. Typically the types of equities in Level 2 are investments in unit trusts and fixed interest investments (bonds).

<u>Level 3 Significant Non- Observable Inputs</u>
If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Currently the only investment in this category is that held by Direct Capital.

In arriving at the fair value for the Direct Capital Portfolio, the Trust has used the fair value assessed by Direct Capital IV Partnership (Direct Capital). Direct Capital have applied, the Australian Venture Capital and Private Equity Valuation Guidelines are applied to quarterly revaluations on each Direct Capital IV portfolio company. In addition Direct Capital note:

- With consideration towards current and future maintainable financial performance, the multiple of earnings approach is used. The earnings multiple is derived with consideration towards the multiple paid on investment, current industry and competitor multiples and listed equivalents. It is uncommon for the earnings multiple to be changed quarter on quarter.

- The resulting enterprise value is then discounted to recognise the private nature of the businesses, which takes into account the less liquid nature of the investment, possible minority interest position, etc. The discount rate used is typically between 10 and 30%.

- Finally the last quarterly closing net debt net of any ongoing working capital requirements to calculate Equity Value.

Each valuation is completed following receipt of portfolio company quarterly financial statements.

Each year the valuations are audited by KPMG in order to achieve audited special purpose financial statements as at 31 December.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

23. FINANCIAL INSTRUMENTS (Cont'd)

		Level 1 Quoted Market Price $000	Level 2 Observable Markets $000	Level 3 Significant Non- observable inputs $000	Total $000
Financial Assets at fair value through profit & loss					
2013					
Investment in Managed Funds					
AMP	Australasian Equities	36,777			36,777
	Property Equities	7,068			7,068
Capital International	Overseas Equities		14,925		14,925
Direct Capital	Australasian Equities			884	884
Franklin Templeton	Overseas Equities		16,669		16,669
PIMCO	Overseas Fixed Interest		54,895		54,895
Tyndall Investment	NZ Fixed Interest		45,809		45,809
	Foreign Exchange Contracts		275		275
	Unsettled Trades		76		76
					-
Total Managed Funds held at fair value		43,845	132,649	884	177,378
Cash held with Fund Managers					1,704
Total Managed Funds					179,082
Investment in Listed Equities					
Pacific Edge Bio-technology		496			496
Total Financial assets held at fair value		44,341	132,649	884	177,874
2012					
Investment in Managed Funds					
AMP	Australasian Equities	15,944			15,944
Capital International	Overseas Equities		13,391		13,391
Direct Capital	Australasian Equities			695	695
First NZ Capital	Australasian Equities	15,693			15,693
	Property Equities	6,479			6,479
Franklin Templeton	Overseas Equities		15,137		15,137
PIMCO	Overseas Fixed Interest		53,882		53,882
Tyndall Investment	NZ Fixed Interest		45,296		45,296
	Foreign Exchange Contracts		701		701
	Unsettled Trades		79		79
Total Managed Funds held at fair value		38,116	128,486	695	167,297
Cash held with Fund Managers					2,955
Total Managed Funds					170,252
Investment in Listed Equities					
Pacific Edge Bio-technology		168			168
Total Financial assets held at fair value		38,284	128,486	695	167,465

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

23. FINANCIAL INSTRUMENTS (Cont'd)

Fair Value Movements

The following table details movements in the fair value of Level 3 financial instruments measured using significant non-observable inputs in relation to the investment in Direct Capital IV.

	Group		Parent	
	2013	2012	2013	2012
	$000	$000	$000	$000
Opening balance	695	389	695	389
Net Income recognised in the statement of financial performance	10	(14)	10	(14)
Total realised gains/(losses) recognised in the statement of financial performance	(42)	35	(42)	35
Total un-realised gains/(losses) recognised in the statement of financial performance	182	(25)	182	(25)
Capital Contribution	90	374	90	374
Capital Distribution	(51)	(64)	(51)	(64)
Closing Balance	884	695	884	695

Total gains/(losses) included in the statement of financial performance in relation to those financial assets held as at 31 March.

Year ended 31 March	150	(4)	150	(4)

24. TRUSTEE FEES

Trustee fees are set by the Minister of Finance at a fixed annual amount. Fees paid to Trustees are as follows:

	Fees 2013 $000	Fees 2012 $000
Robin Campbell	22	16
Joan Kiernan	20	17
Tracy Hicks	28	31
Alison Broad (resigned Sept 12)	9	20
Wayne Harpur (resigned Sept 12)	8	14
Raewynne Evans	17	15
Trish Lindsay	19	21
Craig Robins	18	17
Linette Sinclair	18	19
Toni Green	16	13
Richard Wason (commenced Oct 12)	9	-
Penny Simmonds (commenced Oct 12)	8	-
	$192	$183

25. CONTINGENCIES

There are no contingent liabilities or contingent assets relating to the Group at 31 March 2013 (2012: Nil).

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

26. CAPITAL COMMITMENTS

Commitments of up to $600,000 (2012: $600,000) exist for Trust Advances which Trustees have approved, but which had not been drawn down as at balance date. The approved advances are as follows:

	Group		Parent	
	2013 $000	2012 $000	2013 $000	2012 $000
South Catlins Environment and Development Trust	600	600	600	600

Additionally, The Community Trust of Southland is committed to providing funds up to $2 million to Direct Capital, for new capital acquired. To date $862,636 of this amount has been drawn upon.

After balance date Invest South Limited partnership advanced a further $205,832 to Back Country Foods for the purchase of a new asset. It is intended to be a short term advance.

27. OPERATING LEASE COMMITMENTS

The Group leases premises. Commitments for minimum lease payments in relation to non - cancellable operating leases are payable as follows:

	Group		Parent	
	2013 $	2012 $	2013 $	2012 $
Current within one year	32,500	32,500	-	-
Later than one year but not later than five years	130,000	130,000	-	-
Later than five years	-	32,500	-	-
	$162,500	$195,000	$Nil	$Nil

28. EVENTS OCCURING AFTER BALANCE DATE

There have been no significant subsequent events that affect these financial statements (2012: $Nil).

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

29. RELATED PARTY TRANSACTIONS

Transactions with Key Management Personnel

Key management declared interests in relation to organisations that received grants totalling $ 185,673 as detailed below (2012: $424,776) during the year. Interests were declared when these grants were considered and key management took no part in deliberations relating to organisations they had an interest in.

There are no outstanding balances at balance date.

		2013	2012
J Prendergast	Philanthropy New Zealand	-	2,772
	Sacred Heart School	-	688
	St Josephs School	-	592
	St Marys Primary School	-	890
	St Patricks School	-	1,912
	St Patricks School Nightcaps	-	180
	St Peters College	-	17,013
	St Teresas School Bluff	-	256
	St Theresas School	-	1,229
	St Thomas School	-	329
	Tertiary Scholarships	124,200	348,500
	Verdon College	3,696	3,390
	YMCA of Invercargill Charitable Trust	47,777	47,025
	Rotary Club of Invercargill North Charitable Trust	10,000	-
	TOTAL	**185,673**	**424,776**

Transactions with Trustees

Trustees declared interests in relation to organisations that received grants totalling $2,670,542 as detailed below (2012:$2,429,313) during the year. Interests were declared when these grants were considered and Trustees took no part in deliberations relating to organisations they had an interest in.

There are no outstanding balances at balance date.

T Hicks	Citizens Advice Bureau Gore	-	3,185
	Community Networking Trust (Eastern Southland) Inc	45,480	60,000
	East Gore Primary School	-	792
	Eastern Southland Gallery	-	51,254
	Eastern Southland Basketball Association		-
	Equestrian Sports New Zealand Inc (Southland Showjumping)	2,500	-
	Gore & Districts Community Counselling Centre	5,000	-
	Gore & Districts Community Youth Worker Trust	5,000	5,000
	Gore & Districts Senior Citizens Club (Choir Section)	691	684
	Gore Branch of NZ Society of Genealogists	-	1,000
	Gore Cancer Support Group	-	500
	Gore Contract Bridge Club Inc	4,500	-
	Gore Dancesport Supporters Group	1,600	-
	Gore District Council	6,000	8,750

	Gore District Historical Society	-	1,752
	Gore High School	-	3,954
	Gore Main School	-	1,158
	Gore Multi Sports Centre Charitable Trust	2,103	16,021
	Gore Operatic Society	-	7,500
	Gore Parents Centre	2,211	2,189
	Gore Pipe Band	-	500
	Gore Santaland	-	3,500
	Gore Southern Shears Committee	-	4,184
	Gore Toy Library	1,600	-
	Gore Volunteer Fire Brigade	4,000	-
	Gore Womens Refuge	27,000	27,852
	HETTANZ Southland	-	640
	Hokonui Moonshine Museum Charitable Trust	3,000	-
	Hokonui Pioneer Park	-	10,000
	Kaiwera Pukerau Playgroup	-	800
	Mataura & Districts Marae	-	7,500
	Mataura & Districts Senior Citizens	500	-
	Mataura Clay Target Club	-	3,500
	Mataura Kilties Pipe Band	-	3,000
	Mataura Primary School	-	17,630
	Mataura Youth Centre Trust	-	5,000
	National Wetland Trust of New Zealand	-	3,000
	Norman Jones Foundation	20,000	-
	Pukerau School	6,531	-
	Royal NZ Plunket Society - Mataura	1,645	1,750
	Royal NZ Society for the Prevention of Cruelty to Animals Gore	-	10,460
	Southern REAP	-	25,000
	Southland Regional Heritage Committee	37,160	39,227
	Sport Southland	-	10,000
	St Peters College	-	17,013
	Venture Southland	398,825	415,595
	Venture Southland Creative Southland	-	63,659
	Waikaka Public Hall Society	-	8,000
	Waikaka School	10,000	-
	Waimea Plains Railways Trust	-	10,000
	West Gore School	-	1,386
	TOTAL	585,346	852,935
A Broad	Athletics Southland	3,075	-
(Retired Sept 12)	Murihiku Young Parents Learning Centre Trust	-	300
	Riverton Community Arts centre Charitable Trust	440	-
	Southland Art Foundation	37,160	36,575
	Southland Mature Employment Charitable Trust	-	15,000
	TOTAL	40,675	51,875
T Lindsay	Chamber Music NZ Inc (Southland Branch)	20,000	20,000
	Invercargill Blues Rugby Club	-	7,955

	Murihiku Health Scholarship	1,000	-
	Netball Southland	-	10,000
	Southland Womens Club Inc	-	18,500
	Shakespeare in the Park Charitable Trust	8,117	-
	Stadium Southland	2,500	-
	The Kai Tech Charitable Trust	40,000	-
	TOTAL	71,617	56,455
L Sinclair	Gore Womens Refuge	27,000	27,852
	Community Networking Trust (Eastern Southland) Inc	45,480	-
	Rape and Abuse Support Centre Southland	-	30,000
	Riverton Heritage & Tourist Centre Trust	5,000	-
	Riverton Senior Citizens Association	1,596	1,580
	St Josephs School	-	592
	St Patricks School Nightcaps	-	180
	St Teresas School Bluff	-	256
	YMCA of Invercargill Charitable Trust	47,777	-
	TOTAL	126,853	60,460
R Campbell	Barnardos NZ - Southland Area	52,645	-
	Epilepsy Association of New Zealand Incorporated	-	11,167
	Lochiel School	-	962
	New Zealand Council of Christian Social Services	--	5,000
	Presbyterian Support Services Otago	2,000	-
	Presbyterian Support Southland	103,168	135,645
	Southland Asthma Society	-	15,000
	Southland Regional Heritage Committee	37,160	-
	Southpoint Counselling Service	-	3,000
	Venture Southland	418,825	415,595
	Venture Southland Creative Southland	56,500	63,659
	TOTAL	670,298	650,028
W Harpur	DisAbilities Rersource Centre Southland	15,000	-
(retired Sept 12)	Southland disability Enterprises Ltd	-	50,000
	Southland Multiple Sclerosis Society	20,000	24,480
	Southland Musicians Club	-	5,000
	Southland Womens Club Inc	-	18,500
	Southland Workers Educational Association Inc	-	45,693
	Te Wharekura o Arowhenua	-	3,653
	Venture Southland	-	415,595
	Venture Southland Creative Southland	-	63,659
	TOTAL	35,000	626,580
R Evans	Oraka Aparima Runaka	3,700	-
	Riverton Community Arts Centre Charitable Trust	-	540
	Southland Regional Heritage Committee	37,160	39,227
	Southland Sports Car Club	-	15,000

	TOTAL	40,860	54,767
T Green	Borland Lodge	10,000	-
	Invercargill Musical Theatre	-	37,607
	Marist Rugby Football Club	-	15,000
	Otatara School	-	1,084
	The Scout Association of New Zealand	5,000	-
	TOTAL	15,000	53,691
J Kiernan	Rotary Club of Invercargill East Charitable Trust	-	10,000
	Rotary Club of Invercargill North Charitable Trust	10,000	12,522
	TOTAL	10,000	22,522
C Robins	Netball Southland	200,000	-
P Simmonds	Invercargill Artificial Sports Surface Charitable Trust	5,000	-
	Venture Southland	418,825	-
	Venture Southland Creative Southland	56,500	-
	Rugby Southland	256,791	-
	Southland Basketball Association	70,000	-
	Water Safety NZ Inc	20,000	-
	TOTAL	827,116	-
	TOTAL	**2,622,765**	**2,429,313**

Transactions with subsidiaries

During the year, The Community Trust of Southland received $6,414,195 through the intercompany account, 2012 ($6,414,195). At 31 March 2013 the Southland Community Trust Charities Limited owed $8,209,595 to the Community Trust of Southland (2012 $514,195). At 31 March 2013 The Community Trust of Southland owed $127,315 to Invest South Limited Partnership (2012: $127,315). The Community Trust of Southland is also owed $ 956,445 from Invest South Holdings Ltd (2012: $961,263).

Transactions between subsidiaries

Invest South GP Limited is the general partner to Invest South Limited Partnership. During the year, Invest South Limited Partnership paid a management fee to Invest South GP Limited of $329,503 (2012: $307,728). At 31 March 2013 Invest South GP Limited was due $ 43,890 (2012: $11,500) from Invest South Limited Partnership. At 31 March 2013 Invest South GP Limited owed Invest South Limited Partnership $74,625 (2012: $24,532).

At 31 March 2013 Invest South Limited Partnership owed $7,376,735 to Invest South Holdings Limited (2012: $7,371,796).

During the year Invest South Limited Partnership made no advances to Bush Road Limited (2012: $10,500). At 31 March 2013 Bush Road Limited owed $43,500 to Invest South Limited Partnership (2012: $52,500)

During the year Back Country Foods Limited paid Peak Consulting Limited $8,231 (2012 $8,150) for directors fees $7,200 and accounting services $1,031, Peter Carnahan is a Director/Shareholder of this Company. At March 2013 there were no amounts outstanding (2012: Nil). Invest South Limited partnership also advanced Back Country Foods Ltd $205,832 during the year for the purchase of a fixed asset (2012: Nil).

During the year Southland Community Trust Charities Limited has provided funds of $3,408,000 (2012 $900,000) to Invest South Limited Partnership. At 31 March 2013 Invest South Limited Partnership owed $5,137,435 to Southland Community Trust Charities Limited (2012: $1,729,435).

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2013

29. RELATED PARTY TRANSACTIONS (Cont'd)

Directors fees have been paid to Peak Consulting Ltd (P Carnahan) by Benmore Salmon Ltd $18,000 (2012 $Nil) and Waikaia Gold Ltd have accrued $5,000 in directors fees to 31 March 2013, (2012: Nil), no payments have been made in the year (2012: Nil). Directors Fees have been paid to B Highsted (Director) from Back Country Foods Ltd $4,800 (2012: $4,800) and Benmore Salmon Ltd $8,000 (2012: $Nil). Directors fees have been paid to I Sutherland (Director) from Taha Asia pacific Ltd $6,000 (2012: $3,000).

Invest South Holdings Limited is owned 100% by The Community Trust of Southland. During the year Invest South Holdings Limited did not pay a management fee to Invest South GP Limited (2012: $35,450). At 31 March 2013 Invest South GP Limited was due $ 60,308 (2012: $48,872) from Invest South Holdings Limited. At 31 March 2013 Invest South GP Limited owed Invest South Holdings Limited $ Nil (2012: $24,532).

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

30. DISTRIBUTIONS OF INCOME AND CAPITAL

A list of all distributions of income and capital approved by The Community Trust of Southland during the year ended 31 March 2013 is available, on request, from the trust's office at 62 Don Street (PO Box 1646), Invercargill, 9840.

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Independent Auditors' Report

to the Trustees of The Community Trust of Southland

Report on the Financial Statements

We have audited the financial statements of The Community Trust of Southland ("the Trust") on pages 3 to 38, which comprise the statements of financial position as at 31 March 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Trust and the Group. The Group comprises the Trust and the entities it controlled at 31 March 2013 or from time to time during the financial year.

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 controls as the Trustees determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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. These standards require that we comply with relevant 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 auditors' 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 auditors consider the internal controls relevant to the Trust's and the Group's preparation of financial statements that present fairly 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 and the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditors we have no relationship with, or interests in, The Community Trust of Southland or any of its subsidiaries and associates.

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Independent Auditors' Report

The Community Trust of Southland

Opinion

In our opinion, the financial statements on pages 3 to 38 present fairly, in all material respects, the financial position of the Trust and Group as at 31 March 2013, and their financial performance and cash flows for the year ended on that date in accordance with generally accepted accounting practice in New Zealand.

Restriction of Distribution or Use

This report is made solely to the Trustees, as a body. Our audit work has been undertaken so that we might state to the Trustees those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants
21 August 2013

Dunedin

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