



# New Zealand Gazette

OF THURSDAY, 30 JUNE 2011

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WELLINGTON: WEDNESDAY, 6 JULY 2011 — ISSUE NO. 94

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## THE COMMUNITY TRUST OF WELLINGTON

### FINANCIAL STATEMENTS

PURSUANT TO SECTION 13 OF THE  
COMMUNITY TRUSTS ACT 1999

**Deloitte**

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

**Report on the Financial Statements**

We have audited the financial statements of The Community Trust of Wellington (the "Trust") on pages 12 to 25, which comprise the statement of financial position as at 31 March 2011, and the statement of comprehensive income and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Trustees, as a body, in accordance with Section 17(d) and 17(e) of the Trust Deed. Our audit has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's 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.

**Trustees' Responsibility for the Financial Statements**

The Trustees are responsible for the preparation and fair presentation of financial statements, in accordance with generally accepted accounting practice in New Zealand, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibilities**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the financial statements.

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

Other than in our capacity as auditor, we have no relationship with or interests in the Trust.

***Opinion***

In our opinion, the financial statements on pages 12 to 25:

- comply with generally accepted accounting practice in New Zealand; and
- present fairly, in all material respects, the financial position of The Community Trust of Wellington as at 31 March 2011, and its financial performance for the year ended on that date.



**Chartered Accountants**  
**3 June 2011**  
Wellington, New Zealand

## THE COMMUNITY TRUST OF WELLINGTON

Statement of Comprehensive Income  
For the Year Ended 31 March 2011

	Note	2011 \$	2010 \$
<b>Revenue</b>			
Investment Income	2	3,451,233	8,573,559
Interest Received		188,598	151,763
Donations Returned		5,119	15,500
Rental Income		137,401	140,122
Other Income		11,893	15,302
<b>Total Operating Revenue</b>		<u>3,794,244</u>	<u>8,896,246</u>
<b>Less Expenses</b>			
Donation Expenses		11,127	9,644
Finance Expenses		-	173
Fund Management Fees		300,383	278,167
Personnel Expenses	4	189,109	186,974
Trustee Expenses		8,088	4,574
Trustee Fees		50,420	49,950
Operating Costs	3	258,722	243,637
Other Expenses	5	11,107	10,877
<b>Total Expenses</b>		<u>828,956</u>	<u>783,996</u>
<b>Surplus/(Deficit) Before Donations</b>		<u>2,965,288</u>	<u>8,112,250</u>
<b>Less</b>			
Donations		998,121	732,081
<b>Surplus/(Deficit) for the year</b>		<u>1,967,167</u>	<u>7,380,169</u>
<b>Other Comprehensive Income</b>			
Other Comprehensive Income for the period net of tax		-	-
<b>Total Comprehensive Income for Year Net of Tax</b>		<u><u>1,967,167</u></u>	<u><u>7,380,169</u></u>

## THE COMMUNITY TRUST OF WELLINGTON

Statement of Changes in Equity  
For the Year Ended 31 March 2011

	2011 \$	2010 \$
Equity at 1 April 2010	42,913,986	35,533,817
Total Comprehensive Income for the Year Net of Tax	1,967,167	7,380,169
Total Movements in Equity for the Year	<u>1,967,167</u>	<u>7,380,169</u>
Equity at 31 March 2011	<u>\$44,881,153</u>	<u>\$42,913,986</u>

## THE COMMUNITY TRUST OF WELLINGTON

## Balance Sheet

As at 31 March 2011

	Note	2011 \$	2010 \$
<b>Current Assets</b>			
Cash and Cash Equivalents		104,945	259,851
Held-to-Maturity Investments	8	2,422,001	2,432,945
Trade Receivables		24,595	24,005
Prepayments		4,496	4,870
Karori Wildlife Sanctuary Trust Inc	9	100,000	100,000
GST Receivable		19,878	10,329
Investments at Fair Value through profit or loss	7	41,458,347	39,247,218
<b>Total Current Assets</b>		<b>44,134,262</b>	<b>42,079,219</b>
<b>Current Liabilities</b>			
Trade and Other Payables		119,859	120,893
Income in Advance		-	12,090
<b>Total Current Liabilities</b>		<b>119,859</b>	<b>132,984</b>
<b>Working Capital</b>		<b>44,014,403</b>	<b>41,946,235</b>
<b>Non Current Assets</b>			
Property, Plant & Equipment	6	8,416	8,916
Combined Community Trust Database Project - Loan Advance		25,000	17,848
Combined Community Trust Database Project - Costs		-	7,654
Karori Wildlife Sanctuary Trust Inc	9	833,334	933,333
<b>Total Non Current Assets</b>		<b>866,750</b>	<b>967,751</b>
<b>Net Assets</b>		<b>44,881,153</b>	<b>42,913,986</b>

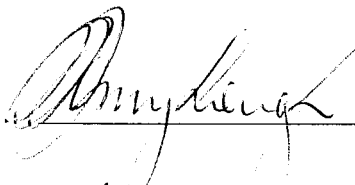
## THE COMMUNITY TRUST OF WELLINGTON

## Balance Sheet

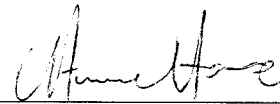
As at 31 March 2011

	Note	2011 \$	2010 \$
REPRESENTED BY:			
EQUITY			
Trust Equity Brought Forward		42,913,986	35,533,817
Total Comprehensive Income for the Year Net of Tax		1,967,167	7,380,169
<b>Total Equity</b>		<u>44,881,153</u>	<u>42,913,986</u>

For and on behalf of the Board of Trustees:

  
3 June 2011 Date

Chairperson



Trustee

## THE COMMUNITY TRUST OF WELLINGTON

### Notes to the Financial Statements For the Twelve Months Ended 31 March 2011

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#### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

##### Reporting Entity

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

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

##### Basis of Preparation

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

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

##### Differential Reporting

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

##### Specific Accounting Policies

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

##### (a) Revenue

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

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

## THE COMMUNITY TRUST OF WELLINGTON

### Notes to the Financial Statements For the Twelve Months Ended 31 March 2011

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#### (b) Income Tax

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

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

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

#### (d) Depreciation

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

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

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

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

#### (f) Financial Instruments

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

#### Held-to-Maturity Investments

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

#### Investments at Fair Value through profit or loss

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



## THE COMMUNITY TRUST OF WELLINGTON

**Notes to the Financial Statements  
For the Twelve Months Ended 31 March 2011**
Loans and Receivables

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

Cash and cash equivalents comprise cash balances and call deposits.

**(g) Impairment**

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

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

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

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

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

**(h) Operating Leases**

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

**2. Investment Income**

	2011 \$	2010 \$
Portfolio Income-Realised Revenue	1,354,953	4,572,372
Net Change in Fair Value of Financial Assets	2,096,280	4,001,187
<b>Total Investment Income</b>	<u><u>3,451,233</u></u>	<u><u>8,573,559</u></u>

## THE COMMUNITY TRUST OF WELLINGTON

**Notes to the Financial Statements**  
**For the Twelve Months Ended 31 March 2011**
**3. Operating Costs**

	2011	2010
	\$	\$
ACC Levy	977	876
Awards Projects	5,811	18,830
Bank Charges	(17)	440
Communication Expenses	8,100	5,087
Computer Expenses	15,477	9,273
Consultants/Contract Employees	25,944	24,416
Conventions & Seminars	1,300	702
Equipment Rental	3,162	4,207
Governance Costs	1,055	644
Insurance - Office	1,432	1,121
Insurance - Professional	5,143	4,614
Light & Power	3,583	4,056
Postage & Stationery	6,915	5,988
Professional Fees	400	1,194
Public Relations & Promotion	1,188	290
Publications	100	-
Rent	163,598	151,756
Repairs & Maintenance	2,811	-
Subscriptions	3,000	3,000
Telephone	4,247	4,196
Tenancy Expenses	3,883	972
Travel Expenses	613	1,977
<b>Total Operating Costs</b>	<b><u>258,722</u></b>	<b><u>243,637</u></b>

**4. Personnel Expenses**

	2011	2010
	\$	\$
Wages & Salaries	182,789	180,734
Other Staff Expenses	6,320	6,240
<b>Total Personnel Expenses</b>	<b><u>189,109</u></b>	<b><u>186,974</u></b>

**5. Other Expenses**

	2011	2010
	\$	\$
Auditor's Fees	7,500	7,500
Depreciation	3,607	3,377
<b>Total Other Expenses</b>	<b><u>11,107</u></b>	<b><u>10,877</u></b>

## THE COMMUNITY TRUST OF WELLINGTON

**Notes to the Financial Statements**  
**For the Twelve Months Ended 31 March 2011**
**6. Property, Plant & Equipment**

	2011 \$	2010 \$
Opening Balance at Cost	41,323	39,279
Purchases	3,107	2,044
Less Accumulated Depreciation	36,014	32,407
<b>Net Book Value</b>	<u>8,416</u>	<u>8,916</u>
<b>Depreciation Charge for the Year</b>	<u>3,607</u>	<u>3,377</u>

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

	2011 \$	2010 \$
International Equities - OnePath (NZ) Ltd (Formally ING)	16,434,651	15,856,353
Australasian Equities - OnePath (NZ) Ltd (Formally ING)	7,102,843	5,902,740
Trans Tasman Properties - Mint Asset Management Ltd	4,692,368	4,362,320
International Fixed Interest -Tower Asset Management	13,228,485	13,125,805
<b>Total</b>	<u>41,458,347</u>	<u>39,247,218</u>

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

## THE COMMUNITY TRUST OF WELLINGTON

# Notes to the Financial Statements

## For the Twelve Months Ended 31 March 2011

### 8. Held-to-Maturity Investments

	2011 \$	2010 \$
ASB Term Deposit - 083	445,630	515,506
ASB Term Deposit - 084	500,000	-
BNZ Term Deposit - 03037	-	467,439
BNZ Term Deposit - 03038	637,407	600,000
BNZ Term Deposit - 03039	-	850,000
BNZ Term Deposit - 03040	250,000	-
BNZ Term Deposit - 03041	588,964	-
<b>Total Held-to-Maturity Investments</b>	<b><u>2,422,001</u></b>	<b><u>2,432,945</u></b>

ASB Bank 083  
Maturity Date: 27 June 2011  
Interest Rate: 4.65% p.a.  
Current Balance: \$445,630.11

ASB Bank 084  
Maturity Date: 8 May 2011  
Interest Rate: 5.25% p.a.  
Current Balance: \$500,000.00

BNZ 03038  
Maturity Date: 18 August 2011  
Interest Rate: 4.70% p.a.  
Current Balance: \$637,406.64

BNZ 03040  
Maturity Date: 1 September 2011  
Interest Rate: 5.20% p.a.  
Current Balance: \$250,000.00

BNZ 03041  
Maturity Date: 2 August 2011  
Interest Rate: 5.20% p.a.  
Current Balance: \$588,964.17

## THE COMMUNITY TRUST OF WELLINGTON

**Notes to the Financial Statements**  
**For the Twelve Months Ended 31 March 2011**
**9. Loans and Receivables**

	2011	2010
	\$	\$
<b>Karori Wildlife Sanctuary Trust Inc</b>		
Current Portion	100,000	100,000
Term Portion	833,334	933,333
<b>Total Karori Wildlife Sanctuary Trust Inc</b>	<u>933,334</u>	<u>1,033,333</u>

The Loan is guaranteed by the Wellington City Council. The loan has a repayment term of 15 years which commenced on 1 August 2005. The interest rate is calculated against an agreed formula. The rate for the year under review was 6.5%- 6.6%.

**10. Financial Instruments****Significant accounting policies**

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

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

**Fair Value**

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

**Liquidity Risk**

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

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

## THE COMMUNITY TRUST OF WELLINGTON

### Notes to the Financial Statements For the Twelve Months Ended 31 March 2011

#### Credit Risk

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

	2011 \$	2010 \$
Cash	104,945	259,851
Short Term Deposits	2,422,001	2,432,945
Fixed Interest - Offshore	13,228,485	13,125,805

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

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

#### Currency Risk

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

#### Interest Rate Risk

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

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

#### 11. Contingent Liabilities

There are no contingent liabilities as at 31 March 2011 (2010:\$Nil).

## THE COMMUNITY TRUST OF WELLINGTON

**Notes to the Financial Statements**  
**For the Twelve Months Ended 31 March 2011**
**12. Commitments****(a) Donations**

As at 31 March 2011 The Community Trust of Wellington had the following commitments:

	2011 \$	2010 \$
Less than One Year	285,000	250,500
Between One and Five Years	200,000	200,000
	<u>485,000</u>	<u>450,500</u>

**(b) Lease Commitments**

Commitments existed for non cancellable operating leases as follows:

	2011 \$	2010 \$
Less than One Year	152,000	154,924
Between One and Five Years	50,097	199,173
More than Five Years	-	-
	<u>202,097</u>	<u>354,097</u>

The premises lease expired on 10 July 2009 with a right of renewal for three years to 10 July 2012. On the 4 May 2009 the right of renewal was accepted. The sublease for Property Pack (Wellington) Ltd expired on 9 July 2009 and was extended through to July 2012 on 7 May 2010.

The total of future minimum sublease payments expected to be received under non-cancellable subleases as at 31 March 2011 is \$63,420.

**(c) Capital Commitments**

There are no capital commitments as at 31 March 2011 (2010:\$Nil).

## THE COMMUNITY TRUST OF WELLINGTON

# Notes to the Financial Statements

## For the Twelve Months Ended 31 March 2011

### 13. Related Party Transactions

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

	2011 \$	2010 \$
<u>Frances Russell</u>		
NZ Affordable Art Trust	15,000	15,000
Wellington Zoo Trust	15,000	-

Frances Russell is the Executive Director of The Community Trust of Wellington and also a Trustee of The Affordable Art Trust and The Wellington Zoo Trust.

Frances' daughter, Carla Russell, is the executive director of The Affordable Art Trust. Carla is also the owner of Smudge Ink which is a trading partner of The Community Trust of Wellington.

#### Dick Fernyhough

Friends of Mana Island	12,285	5,000
Changemakers Refugee Forum	20,000	-
Scout Association of NZ	5,000	-

Dick Fernyhough is a Trustee of the The Community Trust of Wellington. He is also a member of Friends of Mana Island as well as being a past Treasurer of the Scout Association of New Zealand. Dick also provided limited accounting assistance to the Changemakers Refugee Forum.

#### Karen Sagaga

Netball Wellington Region	9,124	-
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Karen Sagaga is a Trustee of the Community Trust of Wellington and is also the chair of the Hutt Centre of Netball Wellington Region.

### 14. Subsequent Events

No subsequent event has occurred since balance date that would materially impact the financial statements as at 31 March 2011.