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BAY OF PLENTY COMMUNITY TRUST INCORPORATED

FINANCIAL STATEMENTS

PURSUANT TO SECTION 13 OF THE
COMMUNITY TRUSTS ACT 1999

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For the year ended 31 March 2010

The Trust was initially incorporated on 5 August 1988 as the Trust Bank Bay of Plenty Community Trust in accordance with the provisions of the Trustee Banks Restructuring Act, 1988. It continues under the provisions of the Community Trusts Act, 1999. The purpose of the Trust is to provide charitable, cultural, philanthropic, recreational and other benefits to Bay of Plenty communities. In April 1998 the name was changed to the Bay of Plenty Community Trust. In March 2006 the Trust adopted the name *BayTrust* for operational purposes.

TRUSTEES:	Ms P Thompson (Chair)
	Mr P Blanks
	Mr G Brown (appointed 1/10/09)
	Mr F Cookson
	Mrs M Dillon, QSM
	Ms L Hudson
	Ms S Kai Fong
	Mr B Kerr
	Mrs P Lewis (appointed 1/10/09)
	Mrs J Mahoney, JP (appointed 1/10/09)
	Mr L Martin, JP (retired 1/10/09)
	Mr S Morris (appointed 1/10/09)
	Mrs M Ngatai, QSM JP (retired 1/10/09)
	Ms A Simpson
	Ms A von Tunzelmann (retired 1/10/09)

TRUST MANAGER:	Mr B W Cronin, JP
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ACCOUNTANTS:	Staples Rodway Tauranga
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AUDITORS:	Ingham Mora Tauranga
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BANKERS:	BNZ Tauranga
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FINANCIAL ADVISORS:	Russell Investment Group Limited Auckland
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SOLICITORS:	Sharp Tudhope Tauranga
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TAX ADVISORS:	KPMG Christchurch
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Chairperson and CEO report

For the year ended 31 March 2010

It has been pleasing to watch the steady recovery in the Trust's investment portfolio this year as the impact of the global financial crisis recedes and confidence gradually returns to investment markets.

In the year to 31 March 2010 the Trust's investments increased in value by \$28m (25%) and overall, after expenses and grants, the Trust made a surplus of \$29m. This surplus was critical to restoring the Trust's "real" (i.e. base plus inflation-adjusted) Capital position. At year-end net Capital was \$137m, cf. the "real" capital position of \$127m.

Two funding rounds were held during the year (September and March) and the Trust paid out over \$1.5m in grants to essential BoP causes, from Katikati to Turangi to East Cape. It also awarded Dillon Scholarships totaling \$94,000 to 42 people, supporting tertiary study for those with disabilities.

Granting highlights of BayTrust's Year included:

- \$10,000 Presbyterian Support Family & Community Services towards the costs of running their Tauranga (Hillier) and Whakatane sites;
- \$20,000 Rotorua Community Youth Centre Trust contribution towards operating and administration costs;
- \$35,000 Lake Taupo Hospice Trust contribution towards building extensions and renovations;
- \$75,000 Otumoetai Sports & Recreation Club Inc. contribution towards clubroom upgrade and inclusion of an observatory.

During the year BayTrust carefully reviewed its on-going relationship with Sport BoP, and specifically the *CoachForce* programme of which the Trust was the foundation funder in 1997. The Trust has now re-committed to a further three-year programme to June 2012, which brings BayTrust's total investment in *CoachForce* to \$7.2m. *CoachForce* is all about encouraging, supporting and developing more and better coaches for 15 Bay sports. We congratulate Sport BoP and all the *CoachForce* personnel and participating sports on their continuing success, which is so essential to helping particularly children, and young people enjoy and succeed with sporting/recreation endeavour and activities.

The Trust also reviewed and renewed its \$600,000, 3-year commitment to the *BayTrust Rescue Helicopter* operated by the Philips Search & Rescue Trust. In the last four years this Rotorua-based helicopter has completed nearly 300 missions, saved countless lives and significantly helped many individuals and families.

During the year under review Trustees Luke Martin (Rotorua); Maria Ngatai (WBoP) and Adrienne von Tunzelmann (WBoP) retired and Gregg Brown (Rotorua); Stephen Morris (WBoP); Pamela Lewis (WBoP) and Jenny Mahoney (EBoP) were appointed to the Board. One seat had been vacant since January 2009 and the new appointments returned the board positions to 12. Luke and Maria had both served two terms (eight years) and Adrienne one term (four years) with BayTrust and all had been strong and diligent contributors to the Trust's directions objectives and activities.

In September 2009 ex-Trustee Terri Eggleton joined the Trust in the newly-created full-time position of Community Development Advisor. This has enabled BayTrust to have a renewed focus on Community Development as the key means by which it will achieve its mission of effectively building, strengthening and enhancing Bay of Plenty communities.


Our sincere thanks to all Trustees and staff for their enthusiasm, energy and commitment to BayTrust over the past 12 months.

All Trustees & staff are very conscious that although BayTrust can assist, communities are actually built developed and maintained by those with the vision and passion to understand community needs and opportunities; and turn good ideas into excellent projects and much needed services. It is a privilege to be a part of what BayTrust can do to support the incredible endeavour of so many wonderful volunteers and others committed to helping nurture our communities.

We remain firmly committed to supporting and strengthening our BOP communities and people, and thank all those who give so much of themselves for others.



Paula Thompson
Chair



Bruce W Cronin
Trust Manager

Balance sheet

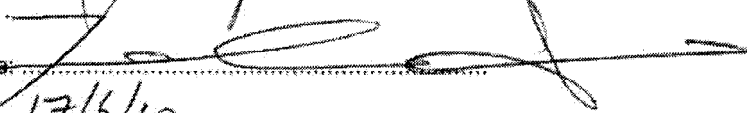
As at 31 March 2010

in New Zealand Dollars (\$000's)

	Note	2010	2009
Assets			
Property, plant and equipment	8	35	37
Loans		61	105
Investments, including derivatives	9,13	136,973	109,304
Total non-current assets		137,069	109,446
Current Assets			
Loans		79	82
Cash and cash equivalents	11	217	215
Total current assets		296	297
Total assets		137,365	109,743
Trust Funds			
Trust Capital	12	89,308	89,308
Income Fluctuation Reserve	12	9,113	-
Retained Earnings / (Deficit)	12	-	(16,279)
Inflation and Population Reserve	12	38,797	36,408
Total funds		137,218	109,437
Liabilities			
Trade and other payables, including derivatives		147	306
Total current liabilities		147	306
Total liabilities		147	306
Total equity and liabilities		137,365	109,743

The notes on pages 8 to 21 are an integral part of these financial statements.

Signed on behalf of the Board of Trustees;

Chair: Trustee: 

Date: 17/6/10

Statement of comprehensive income

For the year ended 31 March 2010

in New Zealand Dollars (\$000's)

	Note	2010	2009
Revenue	5	30,522	(19,152)
Portfolio management and advisory fees		639	592
Profit/(loss) before tax		29,883	(19,744)
Other expenses	6	737	731
Income Tax	10	-	-
Profit/(loss) for the year		29,146	(20,475)
Total comprehensive income		29,146	(20,475)

Statement of changes in equity

For the year ended 31 March 2010

in New Zealand Dollars (\$000's)

	Note	2010	2009
Total comprehensive income		29,146	(20,475)
Distributions in the form of grants		(1,365)	(2,650)
Movements in equity for the year		29,146	(20,475)
Trust equity at start of year		109,437	132,562
Trust equity at end of year	12	137,218	109,437

The notes on pages 8 to 21 are an integral part of these financial statements.

Statement of cashflows

For the year ended 31 March 2010

in New Zealand Dollars (\$000's)

	Note	2010	2009
Cashflows from operating activities			
Investment Income		15,449	4,205
Other Income		(30)	40
Cash paid to suppliers, employees and trustees		(1,317)	(1,324)
Grants paid to the community		(1,570)	(2,650)
Net cash from operating activities	15	12,532	271
Cashflows from investing activities			
Acquisition of property, plant and equipment		(9)	-
Disposal of investments		1,831	6,618
Acquisition of investments		(14,352)	(7,802)
Net cash used in investing activities		(12,530)	(1,184)
Net (decrease)/increase in cash and cash equivalents		2	(913)
Cash and cash equivalents at 1 April		215	1,128
Cash and cash equivalents at 31 March		217	215

The notes on pages 8 to 21 are an integral part of these financial statements.

Notes to the financial statements

Significant accounting policies

1 Reporting entity

The Bay of Plenty Community Trust is a charitable trust, domiciled in New Zealand, incorporated in accordance with the provisions of The Community Trusts Act 1999. The Trust is a public benefit entity.

The Bay of Plenty Community Trust is a charitable trust which distributes income from its investment activities to the Bay of Plenty communities.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards, and its interpretations (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities. Compliance with NZ IFRS ensures that the financial statements do comply with International Financial Reporting ("IFRS").

The financial statements have been approved by the Board of Trustees on 17 June 2010.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value

The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

These financial statements are presented in thousands of New Zealand dollars (\$000's). All financial information presented in New Zealand dollars has been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements relating to the valuation of investments are discussed further in note 4.

Notes to the financial statements (continued)

Significant accounting policies (continued)

3 Significant accounting policies

(a) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Trust entities at exchange rates at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

(b) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits.

Instruments at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Trust manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transactions costs are recognised in profit or loss 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 profit or loss.

Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses.

Trade and other payables

Trade and other payables are stated at cost.

(ii) Derivative financial instruments

The Trust uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from investment activities. In accordance with its policy, the Trust does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Notes to the financial statements (continued)

Significant accounting policies (continued)

3 Significant accounting policies

(c) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Trust and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment.

The depreciation rates for the current and comparative periods are from 11.4% to 60%

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(d) Impairment

The carrying amounts of the Trust's assets are reviewed at each balance date to determine whether there is any indication of impairment

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Income Statement.

(i) Impairment of debt instruments and receivables

The recoverable amount of the Trust's receivables carried at amortised cost is calculated as the present value of estimated future cashflows, discounted the original effective interest rate (ie. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

(ii) Non-financial assets

The carrying amounts of the Trust's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

(e) Employee benefits

There are no employee benefits at 31 March 2010.

(f) Revenue

Investment income

Dividend income is recognised on the date that the Trust's right to receive payment is established. Interest income is recognised as it accrues.

Notes to the financial statements (continued)

Significant accounting policies (continued)

3 Significant accounting policies

(g) Grants payable

Grants payable are recognised as a distribution from equity when the payment of the grant has been approved by the Trustees and the recipient of the grant does not have any further obligations to meet in order to receive the grant.

(h) New standards and interpretations not yet adopted

A number of new interpretations are not yet effective for the year ended 31 March 2010 and have not been applied in preparing these financial statements:

- *NZ IAS24 Related party Disclosures.* NZ IAS 24, which become mandatory for the Trust's 2011 financial statements, is not expected to have any impact on the financial statements. The Trust has not yet determined the potential effect of the interpretation

4 Determination of fair values

A number of the Trust's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, is determined by reference to their quoted bid price at the reporting date wherever this information is available. Certain investments in emerging markets are only traded on certain days. In this instance the trades that occurred on the date nearest to the balance date have been used.

(b) Loans

The fair value of loans is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(c) Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Notes to the financial statements (continued)

in New Zealand Dollars (000's)

5 Revenue

	2010	2009
Dividends received	1,563	980
Interest received	442	885
Investment gains and losses	28,547	(21,059)
Other	(30)	42
Total revenue	30,522	(19,152)

6 Other expenses

	2010	2009
Advertising public relations, distribution and other costs	26	63
Accountancy Fees	16	17
Depreciation	11	13
Loss on Disposal of property, plant and equipment	0	0
Office administration fees	74	52
Office lease expenses	66	66
Other administration fees	107	142
Wages – Casual	0	11
Employer Kiwisaver Contribution	4	2
Wages and salaries	238	186
Trustee fees	145	138
Trustee expenses	42	36
	729	726
Auditor's remuneration to Ingham Mora		
- audit of financial statements	8	5
Total auditor's remuneration	8	5
Total Other Expenses	737	731

7 Grants

a) The following future grants have been approved but have not been paid. Payments are conditional on the continual viability of the projects and are expected to be paid as follows:

	2011	2012	2013	2014
Grants recipient				
Sport Bay of Plenty	387	400	400	100
Philips Search & Rescue Trust	200	200	100	-
Total	587	600	500	100

Notes to the financial statements (continued)

in New Zealand Dollars (000's)

7 Grants (continued)

b) The following conditional future grants have been approved but are subject to the applicants satisfying specific criteria in each case:

	2010	2009
Grants recipient		
Back-Up NZ	-	6
Otumoetai Sports & Recreation	-	75
Bainbridge House Charitable Trust	-	5
Westbrook School	-	20
New Zealand Mountain Safety Council	2	-
Youth Te Puke	6	-
Total	8	106

Notes to the financial statements (continued)

in New Zealand Dollars (\$000's)

8 Property, Plant and Equipment

	Note	Furniture & Fittings	Office equipment	Total
Cost				
Balance at 1 April 2008		61	58	119
Additions		-	-	-
Disposals		-	(6)	(6)
Balance as at 31 March 2009		61	52	113
Balance at 1 April 2009		61	52	113
Additions		-	9	9
Disposals		(1)	(6)	(7)
Balance as at 31 March 2010		60	55	115
Depreciation				
Balance at 1 April 2008		27	42	69
Depreciation for the year		5	8	13
Disposals		-	(6)	(6)
Balance as at 31 March 2009		32	44	76
Balance at 1 April 2009		32	44	76
Depreciation for the year		5	6	12
Disposals		(1)	(6)	(7)
Balance as at 31 March 2010		36	44	81
Carrying amounts				
At 1 April 2008		34	16	50
At 31 March 2009		29	8	37
At 1 April 2009		29	8	37
At 31 March 2010		24	11	35

9 Investments

	2010	2009
Non-current investments		
Financial assets designated at fair value through profit or loss	136,973	109,304

Current investments

There are no current investments at 31 March 2010

Notes to the financial statements (continued)

in New Zealand Dollars (\$000's)

10 Taxation

Bay of Plenty Community Trust Inc is exempt from income tax with effect 1 April 2008, under section CW 52 of the Income Tax Act 2007

11 Cash and cash equivalents

	2010	2009
Bank balances	168	158
Call deposits	49	57
Cash and cash equivalents	217	215

12 Trust Funds

	Trust Capital	Retained Earnings / (Deficit)	Income Fluctuation Reserve	Inflation & Population Growth Reserve	Total
Balance at 1 April 2008	89,308	-	12,087	31,167	132,562
Total recognised income and expense	-	(20,475)	-	-	(20,475)
Distributions in the form of grants	-	(2,650)	-	-	(2,650)
Reserves transfers	-	6,846	(12,087)	5,241	-
Balance at 31 March 2009	89,308	(16,279)	-	36,408	109,437
Balance at 1 April 2009	89,308	(16,279)	-	36,408	109,437
Total recognised income and expense	-	29,146	-	-	29,146
Distributions in the form of grants	-	(1,365)	-	-	(1,365)
Reserves transfers	-	(11,502)	9,113	2,389	-
Balance at 31 March 2010	89,308	-	9,113	38,797	137,218

Income Fluctuation Reserve

The Income Fluctuation Reserve relates to a capital maintenance reserve established and maintained at the trustees' discretion.

Inflation & Population Growth Reserve

The Inflation & Population Growth Reserve relates to a capital maintenance reserve based on an inflation factor (CPI) and as income permits, adjustments for population growth in the region.

Notes to the financial statements (continued)

in New Zealand Dollars (\$000's)

13 Financial instruments

Exposure to credit, interest rate, foreign currency, equity price and liquidity risks arises in the normal course of the Trust's business. The Trust's risk management policies and procedures for financial instruments are formally documented and approved by the Trustees in the Trust's Statement of Investment Policies and Objectives ("SIPO")

Credit risk

The Trust's SIPO stipulates value ranges that may be held in New Zealand equities, overseas equities, overseas fixed interest, New Zealand cash, hedge funds, global property and collateralised commodity futures. Within each of these investment sub-trusts there are maximum limits that can be invested within one investment group and with one investment manager. This diversified investment strategy reduces the credit risk exposure of the Trust.

The Trust makes loans only to entities that are well established and have demonstrated a robust ability to make regular repayments.

The SIPO states minimum credit ratings of investment bonds.

Liquidity risk

Liquidity risk represents the Trust's ability to meet its contractual obligations. The Trust evaluates its liquidity measurements on an ongoing basis. In general, the Trust generates sufficient cash flows from its activities to meet its obligations arising from its financial liabilities.

Market risk

Market risk is the risk that changes in market prices, such as interest rates or equity prices, will affect the Trust's profit or valuation of net assets. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The risk is mitigated by the policies and procedures outlined in the Trust's SIPO. These include diversification of the investment portfolio and prudent investment strategies.

Foreign currency risk

The Trust is exposed to foreign currency risk as a result of investment transactions entered into by fund managers in a currency other than the Trust's functional currency, New Zealand dollars (\$), which is the presentation currency of the Trust. It is Trust Policy to have at least 90% of its overseas investments hedged to NZ dollars.

Notes to the financial statements (continued)

in New Zealand Dollars (\$000's)

13 Financial instruments (continued)

Interest rate risk

The Trust has bank call and deposit accounts, government and local authority securities and other investments held by the Trust's fund managers that are exposed to interest rate risk. Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the Trust's policy.

Other market price risk

The entity is not exposed to substantial other market price risk arising from financial instruments.

Quantitative disclosure

Credit and Interest rate risk

The carrying amount of financial assets represents the Trust's maximum credit exposure.

The Trust's maximum exposure to credit risk for investments by geographic regions and investment type and information relating to the interest rate risk is as follows:

Carrying amount

	2010	2009
New Zealand cash	12,785	13,159
New Zealand equities	5,033	4,105
Global bonds	71,345	58,605
Global equities	42,272	28,140
Global property	4,646	2,576
Hedge fund of funds	892	2,718
Total financial assets	136,973	109,304

Management of the interest rate risk is performed by the fund managers by use of interest rate swaps.

The average interest rate is determined inclusive of interest rate swaps that are embedded with the funds.

Notes to the financial statements (continued)

in New Zealand Dollars (\$000's)

13 Financial instruments (continued)

Liquidity risk

The following table sets out the contractual cash flows for all financial assets, liabilities and for derivatives that are settled on a gross cash flow basis:

	Balance sheet	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Trust 2010							
Trade and other payables	147	147	147				
Total non-derivative liabilities	147	147	147				
Investments	136,973						
Loans	140	34	34	25	19	28	-
Total non-derivative assets							
Trust 2009							
Trade and other payables	306	306	306				
Total non-derivative liabilities	306	306	306				
Investments	109,304						
Loans	187	187	42	37	67	41	-
Total non-derivative assets							

Global bonds, equities and property are investments denominated in foreign currencies. These are hedged to New Zealand dollars within the fund by way of foreign exchange contracts.

Notes to the financial statements (continued)

in New Zealand Dollars (\$000's)

13 Financial instruments (continued)

Capital management

The Trust's capital includes Trust Capital, Income Fluctuation Reserve and Inflation & Population Growth Reserve.

The Trust's policy is to maintain a strong capital base so as to maintain investor confidence and to sustain future development of the Trust.

The Trust is not subject to any externally imposed capital requirements.

The Trust's policies in respect of capital management and allocation are reviewed regularly by the Board of Trustees, and during the year a decision was taken not to rebalance the investment portfolio while its value was below "Real Capital".

Sensitivity analysis

Table 1 shows the asset allocation for the Trust's portfolio as at 31 March 2010 as well as the long term expected return for each asset class. The return one standard deviation above and below the expected return is also shown.

Table 1: Sensitivity Analysis for the Trusts Portfolio 31 March 2010

Asset Class	Asset Allocation (31 March 2010)	Long Term Expected Return p.a.	-1 Std Deviation Return p.a.	+1 Std Deviation Return p.a.
NZ Equities	3.7%	8.3%	-9.2%	25.8%
Global Equities	30.9%	8.9%	-6.6%	24.4%
Global Bonds	52.1%	6.7%	3.7%	9.7%
NZ Cash	9.3%	5.3%	3.3%	7.3%
Global Property	3.4%	8.4%	-8.1%	24.9%
Hedge Funds	0.6%	6.1%	-8.6%	20.8%
Total	100.00%	7.4%	1.0%	13.7%

From table 1 the long term expected return for the Trust's portfolio is 7.4% per annum and there is approximately a 68% probability that the return in any one year will be within the range of 1% and 13.7%.

As at 31 March 2010 the Trust's Portfolio had NZ\$137m under management. Assuming the short term return distribution approximates the long term return distribution there is approximately a 68% probability that the Trust's revenue from investment activities will lie in the range of \$1.4m to \$18.7m, with an expected revenue of \$10.5m for the year 1 April 2010 to 31 March 2011.

Notes to the financial statements (continued)

in New Zealand Dollars (\$000's)

13 Financial instruments (continued)

Table 2 shows the asset allocation for the Trust's portfolio as at 31 March 2009 as well as the long term expected return for each asset class. The return one standard deviation above and below the expected return is also shown.

Table 2: Sensitivity Analysis for the Trusts Portfolio 31 March 2009

Asset Class	Asset Allocation (31 March 2009)	Long Term Expected Return p.a.	-1 Std Deviation Return p.a.	+1 Std Deviation Return p.a.
NZ Equities	5.0%	9.2%	-7.8%	26.2%
Global Equities	24.6%	8.6%	-6.6%	23.8%
Global Bonds	53.5%	6.3%	3.0%	9.6%
NZ Cash	12.0%	5.7%	4.2%	7.2%
Global Property	2.5%	8.1%	-3.9%	20.1%
Hedge Funds	2.4%	8.3%	0.3%	16.3%
Total	100.00%	7.0%	2.0%	12.1%

From table 2 the long term expected return for the Trust's portfolio was 7.0% per annum and there was approximately a 68% probability that the return in any one year would be within the range of 2% to 12.1%.

As at 31 March 2009 the Trust's Portfolio had NZ\$109.3m under management. Assuming the short term return distribution approximates the long term return distribution there is approximately a 68% probability that the Trust's revenue profit from investment activities will lie in the range of \$2.2m to \$13.2m, with an expected revenue of \$7.7m for the year 1 April 2009 to 31 March 2010.

Classification and fair values

All financial assets (including investments, loans, trade receivables and cash) are recognised at fair value.

All investments are designated at fair value. Loans and trade receivables are designated as loans and receivables.

Estimation of fair values

The methods used in determining the fair values of financial instruments are discussed in note 4.

Notes to the financial statements (continued)

in New Zealand Dollars (000's)

14 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2010	2009
Less than one year	66	66
Between one and five years	33	99

Lease is for a 6 year term, with 2 rights of renewal for 3yrs each.

15 Reconciliation of the profit for the period with the net cash from operating activities

	2010	2009
Profit/(Loss) for the period	29,146	(20,475)
Adjustments for:		
Depreciation	11	13
Capital Grants	(1,365)	(2,650)
Unrealised (gain)/loss on investments	(15,103)	23,398
Change in trade and other payables	(157)	(15)
Net cash from operating activities	12,532	271

16 Related parties

There were no related transactions for the year ended 31 March 2010.

17 Subsequent events

There are no subsequent events at 31 March 2010.

18 Contingent Liabilities

There are no contingent liabilities at 31 March 2010.



Audit Report

To the Trustees of Bay of Plenty Community Trust Incorporated

We have audited the financial statements on pages 5 to 21. The financial statements provide information about the past financial performance of the trust and its financial position as at 31 March 2010. This information is stated in accordance with the accounting policies set out on pages 8 to 11.

Trustees' Responsibilities

The trustees are responsible for the preparation of financial statements which give a true and fair view of the financial position of the trust as at 31 March 2010 and the results of operations and cash flows for the year ended on that date.

Auditor's Responsibilities

It is our responsibility to express to you an independent opinion on the financial statements presented by the trustees.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the trustees in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the trust's circumstances, consistently applied, and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the trust as far as appears from our examination of those records; and
- the financial statements on pages 5 to 21:
 - comply with generally accepted accounting practice in New Zealand;
 - comply with International Financial Reporting Standards; and
 - give a true and fair view of the financial position of the trust as at 31 March 2010 and the results of operations and cash flows for the year ended on that date.

Our audit was completed on 23 June 2010 and our unqualified opinion is expressed as at that date.

Ingham Mora

**INGHAM MORA
TAURANGA**