SUPPLEMENT TO

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OTAGO COMMUNITY TRUST

FINANCIAL STATEMENTS

PURSUANT TO SECTION 13 OF THE
COMMUNITY TRUSTS ACT 1999

Contents

Otago Community Trust

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For the year ended 31 March 2010

Trustees	Bill Thomson (Chairperson)	Balclutha
	Rev. Dr. David Clark	Dunedin
	Louise Croot	Dunedin
	Donald Harley	Wanaka
	Sally Hope	Oamaru [Resigned September 2009]
	Russell Hendry	Dunedin [Resigned September 2009]
	Gary Kircher	Oamaru [Appointed October 2009]
	Nina Kirifi – Alai	Dunedin
	Noeline Munro	Dunedin
	Raewynne Pedofski	Dunedin
	Louise Rosson	Cromwell
	Nicola Taylor	Dunedin
	Stuart Walker	Dunedin
	Helen Webster	Oamaru [Appointed October 2009]

Chief Executive: Keith Ellwood

Registered Office: 2nd Floor
Community Trust House
Corner of Filleul Street & Moray Place
Dunedin

Auditor: Polson Higgs
Dunedin

Solicitor: Anderson Lloyd
Dunedin

Investment Advisor: Russell Investment Group Limited
Auckland

Bankers: Westpac
Dunedin

Statement of comprehensive income

For the year ended 31 March 2010

in New Zealand Dollars ($000's)

	Note	Group 2010	Group 2009	Parent 2010	Parent 2009
Revenue	5	36,944	(15,283)	36,907	(15,330)
Investment fees	7	(517)	(542)	(517)	(542)
		36,427	(15,825)	36,390	(15,872)
Other income	6	(10)	-	-	-
Other expenses	8	(764)	(926)	(750)	(911)
(Deficit)/Surplus before taxation		35,653	(16,751)	35,640	(16,783)
Income tax expense	13	4	10	-	-
(Deficit)/Surplus for the year		**35,649**	**(16,761)**	**35,640**	**(16,783)**
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**35,649**	**(16,761)**	**35,640**	**(16,783)**

Statement of changes in trust funds

For the year ended 31 March 2010

in New Zealand Dollars ($000's)

	Note	Group 2010	Group 2009	Parent 2010	Parent 2009
Total trust funds at the beginning of the year		**161,234**	**190,259**	**160,756**	**189,803**
Plus total comprehensive income for the year		35,649	(16,761)	35,640	(16,783)
Less donations approved during the year	9	(4,499)	(12,264)	(4,499)	(12,264)
Total trust funds at the end of the year		**192,384**	**161,234**	**191,897**	**160,756**

The notes are an integral part of these financial statements.

Balance sheet

As at 31 March 2010

in New Zealand Dollars ($000's)

	Note	Group 2010	Group 2009	Parent 2010	Parent 2009
Assets					
Plant and equipment	10	17	14	17	14
Investment property	11	1,670	1,680	-	-
Investments in subsidiaries	25	-	-	1	1
Other investments	12,18	191,469	160,165	191,469	160,165
Deferred tax asset	13	7	6	-	-
Other receivables	14	248	248	248	248
Total non-current assets		**193,411**	**162,113**	**191,735**	**160,428**
Trade and other receivables	14	86	7,839	1,102	8,874
Prepayments		6	7	6	7
Cash and cash equivalents	15	5,801	224	5,758	184
Total current assets		**5,893**	**8,070**	**6,866**	**9,065**
Total assets		**199,304**	**170,183**	**198,601**	**169,493**
Trust Funds					
Trust Capital	16	131,467	131,467	131,467	131,467
Capital Maintenance Reserve	16	54,913	51,053	54,913	51,053
Uncommitted Surplus	16	6,004	(21,286)	5,517	(21,764)
Total Trust Funds	16	**192,384**	**161,234**	**191,897**	**160,756**
Trade and other payables	17	6,704	8,738	6,704	8,737
Total current liabilities		**6,704**	**8,738**	**6,704**	**8,737**
Deferred tax liability	13	216	211	-	-
Total non-current liabilities		**216**	**211**	-	-
Total liabilities		**6,920**	**8,949**	**6,704**	**8,737**
Total trust funds and liabilities		**199,304**	**170,183**	**198,601**	**169,493**

Approved on behalf of the Trustees:

[signature] Chairperson [signature] Trustee

29 June 2010 Date 29 June 2010 Date

The notes 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	Group 2010	Group 2009	Parent 2010	Parent 2009
Cashflows from operating activities					
Interest received		271	127	263	127
Other income received		142	129	28	27
Cash paid to suppliers, employees and trustees		(1,276)	(1,510)	(1,252)	(1,486)
Net cash outflow from operating activities	23	**(863)**	**(1,254)**	**(961)**	**(1,332)**
Cashflows from investment activities					
Receipts from fund managers		13,067	5,617	13,067	5,617
Acquisition of property, plant and equipment		(6)	-	(6)	-
Net Cash from/used in investing activities		13,061	**5,617**	**13,061**	**5,617**
Cashflows from financing activities					
Advance from / (to) subsidiary companies		-	-	95	58
Advance to other entity	14	(78)	-	(78)	-
Donations paid	9	(6,543)	(6,899)	(6,543)	(6,899)
Net cash from/used in financing activities		**(6,621)**	**(6,899)**	**(6,526)**	**(6,841)**
Net (decrease)/increase in cash and cash equivalents		5,577	(2,536)	5,574	(2,556)
Cash and cash equivalents at 1 April		224	2,760	184	2,740
Cash and cash equivalents at 31 March	15	**5,801**	**224**	**5,758**	**184**

The notes are an integral part of these financial statements.

Notes to the financial statements
Significant accounting policies

1 Reporting entity

Otago Community Trust (the "Parent") is a charitable trust, domiciled in New Zealand, incorporated in accordance with the provisions of the Community Trusts Act 1999.

Separate parent and consolidated financial statements are presented. The consolidated financial statements for the year ended 31 March 2010 comprise the Parent and its subsidiary, Fillmor House Limited (together referred to as the "Group").

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with 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.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The financial statements have been approved by the Trustees on 29 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
- investment property is 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), which is the Group's functional currency.

(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 are relate to the valuation of investments are discussed further in note 4.

Notes to the financial statements

Significant accounting policies (continued)

3 Significant accounting policies

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The purchase method is used to account for the financial results of subsidiaries

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to New Zealand dollars (the "functional currency") at the dates 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.

(c) 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 held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group 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.

Investments in subsidiaries

Investments in equity securities of subsidiaries, are measured at cost in the separate financial statements of the Parent.

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.

Notes to the financial statements

Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from investment activities. In accordance with its treasury policy, the Group 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 re-measurement to fair value is recognised immediately in profit or loss.

(d) 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.

(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 Group 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 (d.v) basis over the estimated useful lives of each part of an item of plant and equipment.

The depreciation rates for the current and comparative periods are as follows:

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

- Office furniture & equipment 12 – 48% d.v.

(e) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at fair value with any change therein recognised in profit or loss.

(f) Impairment

The carrying amounts of the Group'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 Group's receivables carried at amortised cost is calculated as the present value of estimated future cashflows, discounted to the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial asses). Receivables with a short duration are not discounted.

Notes to the financial statements

Significant accounting policies (continued)

(f) Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use an its fair value less costs to sell. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Revenue

(i) Investment income

Refer to note (i) below

(ii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(h) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(i) Finance income and expenses

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets (except for trade receivables), losses on the disposal of available-for-sale financial assets, and losses on hedging instruments that are recognised in profit or loss.

Notes to the financial statements
Significant accounting policies (continued)

(j) Income tax expense

Income tax expense comprises current and deferred tax, income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(k) New standards adopted and interpretations not yet adopted

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the current reporting period. It is not expected that these standards will have any material impact on the financial statements.

4. Determination of fair values

A number of the Group'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) Investment property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property on an annual basis. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The discounted cashflow technique is also applied as a cross-check of the valuation.

(b) Investments in equity and debt securities

For investments that are actively traded in organised financial markets, fair value is determined by reference to exchange quoted market bid prices at the close of business on the Statement of Financial Position date.

Investments in pooled funds are valued at the unit exit price determined by the Fund Manager at the close of business on the Statement of Position date.

(c) Trade and other receivables

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

(d) 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).

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Notes to the financial statements

in New Zealand Dollars (000's)

5 Revenue

	Group		Parent	
	2010	2009	2010	2009
Rents received	122	115	-	-
Managed Fund income				
- Interest	271	3,875	346	3,933
- Investment income	37,185	(19,287)	37,185	(19,287)
- Impairment loss	(652)	-	(652)	-
Other	18	14	28	24
Total revenue	**36,944**	**(15,283)**	**36,907**	**(15,330)**

6 Other income

	Group		Parent	
	2010	2009	2010	2009
Change in fair value of investment property	(10)	-	-	-
Net gain on sale of property, plant and equipment	-	-	-	-
	(10)	**-**	**-**	**-**

7 Investment fees

	Group		Parent	
	2010	2009	2010	2009
Fund manager fees	432	440	432	440
Investment advisory fees	85	102	85	102
	517	**542**	**517**	**542**

8 Other expenses

	Group		Parent	
	2010	2009	2010	2009
Public and statutory reporting	20	21	20	21
Auditors remuneration (analysis below)	18	21	18	21
Promotion	17	82	17	82
Depreciation	4	5	4	5
Professional fees (analysis below)	51	103	51	98
Property costs	70	65	65	64
Salaries	303	293	303	293
Other operating	100	144	91	135
Net finance costs	-	-	-	-
Trustee remuneration	142	154	142	154
Trustee expenses	39	38	39	38
Total other expenses	**764**	**926**	**750**	**911**
Auditor's remuneration to Polson Higgs:				
- audit of financial statements	11	15	11	15
- HR consulting	7	6	7	6
Total auditor's remuneration	**18**	**21**	**18**	**21**

Notes to the financial statements

In New Zealand Dollars (000's)

	Group		Parent	
Professional fees:	2010	2009	2010	2009
- accounting and other support	17	17	17	17
- computer support	7	4	7	4
- legal advice	1	13	1	13
- tax advice	2	1	2	1
- other professional advice	24	68	24	63
Total professional fees	**51**	**103**	**51**	**98**

9 Donations

	Group		Parent	
	2010	**2009**	**2010**	**2009**
Donations paid for the year	6,543	6,899	6,543	6,899
Balance paid	6,543	6,899	6,543	6,899
Comprising:				
- Tax exempt donees	6,449	6,581	6,449	6,581
- Non tax exempt donees	94	318	94	318
	6,543	6,899	6,543	6,899
Movement in donations payable for the year	2,044	5,365	2,044	5,365
	4,499	**12,264**	**4,499**	**12,264**

Available for non-taxable distribution to Donees	**2010**	**2009**
Opening Balance	160,756	162,685
Deduct donations paid to non tax exempt donees	(94)	(318)
Deduct donations paid to tax exempt donees	-	(1,611)
Closing balance	160,662	160,756
Available for taxable distribution to Donees		
Opening Balance	-	27,118
Current year surplus	35,640	(16,783)
Deduct donations approved during the year	(4,499)	(12,264)
	31,141	(1,929)
Add donations paid during the year	6,543	6,899
Deduct donations paid to tax exempt donees	(6,449)	(4,970)
Closing balance	31,235	-
Total Trust Capital	191,897	160,756

Notes to the financial statements

in New Zealand Dollars ($000's)

10 Plant and Equipment – Group and Parent

	Office furniture & equipment	Total
Cost or deemed cost		
Balance at 1 April 2008	202	202
Additions	-	-
Disposals	-	-
Balance as at 31 March 2009	**202**	**202**
Balance at 1 April 2009	202	202
Other additions	6	6
Disposals	-	-
Balance as at 31 March 2010	**208**	**208**
Depreciation and impairment losses		
Balance at 1 April 2008	182	182
Depreciation for the year	5	5
Impairment loss	-	-
Disposals	-	-
Balance as at 31 March 2009	**187**	**187**
Balance at 1 April 2009	187	187
Depreciation for the year	4	4
Impairment loss	-	-
Disposals	-	-
Balance as at 31 March 2010	**191**	**191**
Carrying amounts		
At 1 April 2008	20	20
At 31 March 2009	**14**	**14**
At 1 April 2009	14	14
At 31 March 2010	**17**	**17**

Notes to the financial statements

in New Zealand Dollars ($000's)

11 Investment property

	Group		Parent	
	2010	2009	2010	2009
Balance at 1 April	1,680	1,680	-	-
Acquisitions	-	-	-	-
Change in fair value	(10)	-	-	-
Total fair value balance at 31 March	1,670	1,680	-	-

Investment property comprises the property at 229 Moray Place, Dunedin. The property was valued by Macpherson Valuation on 26 May 2010.

12 Other investments

	Group		Parent	
	2010	**2009**	**2010**	**2009**
Non-current investments				
Financial assets designated at fair value through profit or loss	191,469	160,165	191,469	160,165
	191,469	**160,165**	**191,469**	**160,165**

13 Taxation

Otago Community Trust has been exempt from income tax pursuant to section CW52 of the Income Tax Act 2007. This means that Fillmor House Limited is the only taxable entity in the Group.

	Group		Parent	
	2010	**2009**	**2010**	**2009**
Current Tax				
(Deficit)/Surplus before tax	35,649	(16,751)	35,640	(16,685)
(Deficit)/Surplus attributable to tax exempt parent	35,640	16,783	35,640	16,685
(Deficit)/Surplus attributable to tax exempt subsidiaries	-	-	-	-
	9	32	-	-
Change in fair value of investment property	10	-	-	-
Tax depreciation	(26)	(28)	-	-
Tax surplus/(loss)	(7)	4	-	-
Current tax using company tax rate	(1)	1	-	-
Deferred Tax				
Tax loss	(1)	10	-	-
Change in fair value of investment property	5	-	-	-
Applying tax rate of 30%	4	10	-	-
Tax expense per Income Statement	**4**	**11**	**-**	**-**

The effective tax rate is 0.001% (2009: 0.8%)

Notes to the financial statements

in New Zealand Dollars ($000's)

Group

Deferred tax assets and liabilities are attributable to the following

In thousand of New Zealand dollars	Assets		Liabilities		Net	
	2010	2009	2010	2009	2010	2009
Investment property			216	211	216	211
Tax losses	(7)	(6)			(7)	(6)
Net tax (assets)/liabilities	**(7)**	**(6)**	**216**	**211**	**209**	**205**

Movement in temporary differences during the year

In thousand of New Zealand dollars	**Balance 1-Apr-08**	**Recognised in profit or loss**	**Balance 31-Mar-09**	**Recognised in profit or loss**	**Balance 31-Mar-10**
Investment property	202	9	211	5	216
Tax losses	(8)	2	(6)	(1)	(7)
	194	**11**	**205**	**4**	**209**

14 Trade and other receivables

	Group		Parent	
	2010	2009	2010	2009
Advance to Te Kete Putea	79	-	79	-
Advance due from subsidiary company	-	-	1,014	1,033
Goods and Services tax	7	8	9	10
Investment settlement in transit	-	7,831	-	7,831
Advance to Dunedin Community House Trust	248	248	248	248
	334	**8,087**	**1,350**	**9,122**
Classified as:				
Current assets	86	7,839	1,102	8,874
Non current assets	248	248	248	248
	334	**8,087**	**1,350**	**9,122**

Notes to the financial statements

in New Zealand Dollars ($000's)

15 Net cash and cash equivalents

	Group 2010	Group 2009	Parent 2010	Parent 2009
Bank balances	199	166	156	126
Call and Term deposits	5,602	58	5,602	58
Cash and cash equivalents	**5,801**	**224**	**5,758**	**184**
Cash and cash equivalents in the statement of cash flows	5,801	224	5,758	184

The effective interest rate on call deposits in 2010 ranged from 2.25% - 2.5% (2009: 7.75%), term deposits 3.65% – 5.0%, with terms ranging from 30 – 180 days.

16 Trust funds

	Note	Trust Capital	Capital Maintenance Reserve	Uncommitted Surplus	Total
Balance at 1 April 2008		131,467	45,883	12,909	190,259
Total recognised income and expense		-	-	(16,761)	(16,761)
Reserves transfers		-	5,170	(5,170)	-
Donations paid from trust equity		-	-	(12,264)	(12,264)
Balance at 31 March 2009		**131,467**	**51,053**	**(21,286)**	**161,234**
Balance at 1 April 2009		131,467	51,053	(21,286)	161,234
Total recognised income and expense		-	-	35,649	35,649
Reserves transfers		-	3,860	(3,860)	-
Donations paid from trust equity		-	-	(4,499)	(4,499)
Balance at 31 March 2010		**131,467**	**54,913**	**6,004**	**192,384**

Trust Capital
Trust capital represents the realised value of its original asset, being shares in Trust Bank.

Capital Maintenance Reserve
The Capital Maintenance Reserve represents the additional amount necessary to preserve the real value of the capital allowing for inflation as measured by the Consumers' Price Index (CPI).

Uncommitted Surplus
Uncommitted surplus represents funds not allocated to the Capital Maintenance Reserve and as such form part of the Trust Fund. Like the Capital Maintenance Reserve, balances in Uncommitted Surplus are used to provide a stable flow of grants to the community during times of adverse investment earnings.

Capital Management

The Trust's policy is to maintain a strong capital base so as 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 Trustees.

There have been no material changes in the Trust's management of capital during the period.

17 Trade and other payables

	Group 2010	Group 2009	Parent 2010	Parent 2009
Donations payable	6,615	8,659	6,615	8,659
Other trade payables	89	79	89	78
	6,704	**8,738**	**6,704**	**8,737**

Notes to the financial statements

in New Zealand Dollars ($000's)

18 Financial Instruments

The Trust has the following financial assets and liabilities:

Summary Financial Assets and Liabilities

Financial Assets	Managed by	2010		2009	
Self Managed Funds					
Cash at bank and on deposit with Trading Banks			5,758		181
Investments Held by Fund Managers					
NZ Cash	AMP Capital NZ	7,419		8,636	
NZ Fixed Interest	AMP Capital NZ	20,002		45,056	
NZ Equities	Tower Asset Management NZ	8,839		6,541	
Global Fixed Interest	Tower Asset Management NZ	92,836		66,834	
Global Equities	Russell Investments Australia	62,373		30,597	
Collateralised Commodities Futures	State Street USA	-		557	
	Tower – Hedging				
Fund of Hedge Funds	Russell Investment Ireland (part)				
	Warakirri Asset Management Aust (part)	-		1,944	
	Tower – Hedging				
			191,469		160,165
Total Financial Assets			**197,227**		**160,346**
Donations Payable		6,615		8,659	
Trade Payables		89		79	
Total Financial Liabilities			**6,704**		**8,738**

Risks arising from the financial assets and liabilities are inherent in the nature of the Trust's activities and are managed by means of an ongoing process of identification, measurement and monitoring. The Trust is exposed to credit risk, liquidity risk, and market risk. Market risk includes risks around foreign currency, interest rates and pricing.

The Trust generally manages these risks in accordance with its Statement of Investment Performance Objectives (SIPO). The principle investment objectives are:

- to maximise the total amount of donations which can be financed by the investment of the Fund over the long term;
- to preserve the real capital of the Fund;
- to maintain equity between present and future generations with respect to the amounts available for donations;
- to maintain the highest degree of stability of investment earnings that is possible consistent with the preceding objectives;

Notes to the financial statements

in New Zealand Dollars ($000's)

18 Financial instruments (continued)

Trustees regard risk as the likelihood that the Trust fails to achieve these objectives and have adopted a series of strategies to mitigate all risks. The principle strategies include:

- ensuring the Fund is well diversified;
- maintaining an appropriate level of liquidity;
- avoiding purely speculative investments;
- retaining an investment consultant for investment advice;
- using only fund managers which are researched and recommended by the investment consultant;
- maintaining adequate reserves;
- regularly reviewing investment performance.

1. **Credit Risk**

Credit risk represents the risk that a counter-party to a financial asset fails to discharge an obligation which will cause the Trust to incur a financial loss. The current exposure at balance date is the fair value of these assets as disclosed in the Statement of Financial Position. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty or where a number of counterparties are engaged in similar business activities, geographic regions or similar economic features that would influence their ability to meet their contractual obligations by reason of changes in economic, political or other considerations.

The Trust manages credit concentration risks through:

- a diversified and non-correlated basket of investments across traditional and alternative asset classes
- ensuring compliance with the mandate requirements of each fund manager

The credit quality of the Trust's New Zealand and global fixed interest portfolios is managed using the Standard and Poors rating categories. In addition, exposure to global bonds is fully hedged against foreign currency movements. The following is an analysis of the Trust's fixed interest portfolios, based on information supplied by the Fixed Interest managers.

Analysis of Fixed Interest Portfolios

	2010 Global	2010 NZ	2009 Global	2009 NZ
Credit Rating				
AAA	66,580	11,123	43,483	28,419
AA	4,856	5,005	10,704	11,677
A	10,393	1,411	8,028	4,379
BBB	5,242	940	3,345	581
Other	5,856	1,523	1,338	-
Totals	**92,927**	**20,002**	**66,898**	**45,056**
Sector Rating				
Government	39,856	12,209	37,463	26,063
Corporates	18,018	7,877	22,745	17,547
Mortgages	14,671	-	11,373	-
Swaps	9,281	-	(16,055)	377
Other	11,101	(84)	11,372	1,069
Totals	**92,927**	**20,002**	**66,898**	**45,056**

Notes to the financial statements

in New Zealand Dollars ($000's)

18 Financial instruments (continued)

Analysis of Fixed Interest Portfolios (continued)

	2010 Global	2010 NZ	2009 Global	2009 NZ
Duration				
0-3 years	27,091	5,098	13,380	20,120
3-5 years	17,736	6,705	10,035	11,806
5-7 years	12,394	1,508	14,048	2,272
7-9 years	8,596	3,682	4,683	9,188
9-11 years	9,545	2,760	4,683	-
11+ years	11,153	249	20,069	224
Liquidity	6,412	-	-	1,446
Totals	**92,927**	**20,002**	**66,898**	**45,056**

The group's maximum exposure to credit risk is:

	2010	2009
Cash and cash equivalents	5,801	224
Investments	120,257	123,028
Other	334	8,087
Totals	**126,392**	**131,339**

Notes to the financial statements

in New Zealand Dollars ($000's)

2. Liquidity Risk

Liquidity risk is the risk that the Trust will encounter difficulties in meeting the obligations associated with its financial liabilities. This risk is managed through the Trust's investment in a diversified portfolio of financial assets. This portfolio consists of marketable securities which, under normal conditions are readily convertible to cash. In addition, the Trust maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Trust's financial liabilities comprise trade and other payables and committed but unpaid donations.

At balance date the ratio of financial assets to financial liabilities was 30:1(2009 19:1).

3. Market Risk

Market Risk is the risk that the fair value of future cash flows from financial assets will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and market prices. Market risk is managed and monitored using sensitivity analysis and minimised by ensuring that all investment activities are undertaken in accordance with established mandate limits and the investment strategies set out in the Trust's Statement of Investment Performance Objectives.

3.1 Interest Rate Risk

Interest Rate Risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial assets. The Trust's investment in global bonds is held in a pooled fund. Movements in interest rates will be reflected in each pooled fund's fair value asset pricing. NZ Bonds are held in segregated accounts. The exposure to movement in the fair value of the Trust's bond portfolios is discussed in the commentary on Price Risk.

The Trust's self managed cash and deposit accounts are interest bearing. Any movement in interest rates on these accounts is minimal and is not considered to be material.

3.2 Currency Risk

Currency risk is the risk that the fair value of, or future cash flows from financial assets will fluctuate due to changes in foreign currency exchange rates.

At balance date the Trust's exposure to currency risk was as follows:

	2010	**2009**
Foreign currency denominated financial assets	155,210	99,932
Less foreign currency contracts	155,210	98,121
Total Unhedged Exposure at 31 March	**-**	**1,811**

Notes to the financial statements

in New Zealand Dollars ($000's)

18 Financial Instruments (continued)

3.3 Pricing Risk

Pricing risk is the risk that the fair value of financial assets will increase or decrease as a result of changes in market prices, whether these changes are caused by factors specific to individual stocks or factors affecting all financial assets in the market. Price risks arise from the Trust's investment portfolio (the Fund). As reported in the section on Significant Accounting Policies, the financial assets are valued at fair value as determined by reference to their quoted bid price at the reporting date, wherever this information is available.

Sensitivity to fluctuations in income for the Trust's Fund arising from market risk are set out in the following tables provided by the Trust's investment consultant, Russell Investment Group Limited.

Sensitivity Analysis for the Trust's Portfolio 31 March 2010

Asset Class	Asset Allocation 31 Mar 2010	Long Term Expected Return p.a.	-1 Standard Deviation Return p.a.	1 Standard Deviation Return p.a.
NZ Equities	4.6%	8.3%	-9.2%	25.8%
Global Equities	32.6%	9.0%	-7.0%	25.0%
NZ Fixed Interest	10.4%	6.1%	2.1%	10.1%
Global Bonds	48.5%	6.7%	3.7%	9.7%
NZ Cash	3.9%	5.3%	3.3%	7.3%
Hedge Funds	-	-	-	-
Total	**100.0%**	**7.4%**	**0.9%**	**13.8%**

From this table it can be seen that the long term expected return of the Fund 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 0.9% to 13.8%. The Trust's actual return for the year was 23.7%.

Sensitivity Analysis for the Trust's Portfolio 31 March 2009

Asset Class	Asset Allocation 31 Mar 2009	Long Term Expected Return p.a.	-1 Standard Deviation Return p.a.	1 Standard Deviation Return p.a.
NZ Equities	4.1%	8.7%	-8.3%	25.7%
Global Equities	19.1%	8.2%	-7.0%	23.4%
NZ Fixed Interest	28.1%	5.9%	2.6%	9.2%
Global Bonds	41.7%	5.9%	2.6%	9.2%
NZ Cash	5.4%	5.3%	3.8%	6.8%
Hedge Funds	1.1%	5.3%	-0.1%	15.9%
Total	**100.0%**	**6.4%**	**2.4%**	**10.4%**

For that year the long term expected return was 6.4% per annum when there was a 68% probability that the return in any one year would be within the range of 2.4% to 10.4%. The actual return was (8.2)%.

These sensitivity analyses are based on the volatility of each asset class and the Fund as a whole, as measured by plus or minus one standard deviation. The overall effect of the Trust's diversified portfolio is to reduce volatility and stabilise investment returns over time.

Notes to the financial statements

in New Zealand Dollars (000's)

19 Asset and liability classification and fair value

Classification and fair values

Group 2010	Designated at fair value	Held-to-maturity	Loans and receivables	Other amortised cost	Total carrying amount	Fair value
Assets						
Other receivables			248		248	248
Other investments	191,469				191,469	191,469
Other non-financial assets			1,679		1,679	1,679
Total non-current assets	191,469		1,927		193,396	193,396
Other Investments						
Trade and other receivables			92		92	92
Cash and cash equivalents			5,801		5,801	5,801
Total current assets			5,893		5,893	5,893
Total assets	**191,469**		**7,820**		**199,289**	**199,289**
Liabilities						
Trade and other payables				6,920	6,920	6,920
Total current liabilities				6,920	6,920	6,920
Total liabilities				6,920	6,920	6,920

Group 2009	Designated at fair value	Held-to-maturity	Loans and receivables	Other amortised cost	Total carrying amount	Fair value
Assets						
Other receivables			248		248	248
Other investments	160,165				160,165	160,165
Other non-financial assets			1,700		1,700	1,700
Total non-current assets	160,165		1,948		162,113	162,113
Other investments			8		8	8
Trade and other receivables			7,838		7,838	7,838
Cash and cash equivalents			224		224	224
Total current assets			8,070		8,070	8,070
Total assets	**160,165**		**10,018**		**170,183**	**170,183**
Liabilities						
Trade and other payables				8,949	8,949	8,949
Total current liabilities				8,949	8,949	8,949
Total liabilities				**8,949**	**8,949**	**8,949**

Notes to the financial statements

in New Zealand Dollars ($000's)

20 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Parent	
	2010	2009	2010	2009
Less than one year	3	-	3	-
Between one and five years	6	-	6	-
More than five years	-	-	-	-

Leases as lessor

The Group leases out its investment property held under operating leases. The future minimum lease payments under non-cancellable are as follows:

	Group		Parent	
	2010	2009	2010	2009
Less than one year	99	99	-	-
Between one and five years	63	158	-	-
More than five years	-	-	-	-

During the year ended 31 March 2010, $122,000 was recognised as being rental income in the income statement (2009: $115,000). Repairs and maintenance expense, recognised in occupancy costs, was $7,996 (2009: $6,451).

21 Capital commitments

The Trust has a capital commitment of $46,000 being the Trust's share towards building a new donations management system incorporating an integrated financial management system. This project is carried out in equal partnership with 11 other community trusts in New Zealand. The system would be shared between the participating community trusts and be hosted centrally. The total cost of the project is $1.6million with scheduled delivery in 2010. (2009: 125,000).

22 Contingencies

The Trust had no contingent liabilities as at balance date (2009: Nil).

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

	Note	Group		Parent	
		2010	2009	2010	2009
Surplus/(Deficit) for the period		35,649	(16,761)	35,640	(16,783)
Adjustments for:					
Depreciation		5	5	4	5
Change in fair value of investment property		10	-	-	-
Change in fair value of managed funds		(36,540)	15,530	(36,540)	15,530
Income tax expense		4	10	-	-
Change in trade and other receivables		1	7	(76)	(44)
Change in prepayments		-	(2)	-	(2)
Change in trade and other payables		8	(43)	11	(38)
Net cash from operating activities		**(863)**	**(1,254)**	**(961)**	**(1,332)**

Notes to the financial statements

in New Zealand Dollars ($000's)

24 Related parties

Several of the Trustees of the Community Trust and key management personnel have a key relationship with organisations which were recipients of donations during the year. The details are as follows:

Trustee	Recipient Organisation	Donation Amount ($)
Nicola Taylor	Anglican Family Care	57,500
	Otago Polytechnic	14,800
	Te Runanga O Otakou	92,000
Russell Hendry	Otago Cricket Assn	55,000
Stuart Walker	WOW Productions	15,000
Gary Kircher	Sport Otago	163,740
Helen Webster	Totara Estate	3,500
Nina Kirifi-Alai	Congregational Christian Church of Samoa	46,000
Louise Croot	Southern Heritage Trust	3,640
Key Management Personnel		
Carol Melville	Royal NZ Ballet	20,000
	Dunedin Civic Orchestra t/a Southern Sinfonia	55,000

In addition Stuart Walker, a trustee of Otago Community Trust is a consultant with Anderson Lloyd, the law firm engaged by the Trust. The value of services obtained from Anderson Lloyd to 31 March 2010 was $953 (GST exclusive).

The above transactions all relate to the parent entity.

25 Group entities

Significant subsidiaries	Note	Country of ownership incorporation	Interest (%) Group 2010	2009
Fillmor House Limited		New Zealand	100%	100%

Statutory information

1 Trustees remuneration

Rates of Trustee remuneration are set by the Minister of Finance. Remuneration includes the honoraria and meeting fees

in New Zealand Dollars

	Board meetings held	Board meetings attended	Other official meetings attended	Honoraria and meeting fees paid
Russell Hendry	10	8	6	$5,070
Sally Hope	10	9	2	$5,035
Stuart Walker	19	16	16	$14,838
Raewynne Pedofski	19	17	10	$10,840
Nicola Taylor	19	18	3	$8,845
Bill Thomson	19	17	17	$29,770
Louise Croot	19	12	5	$7,655
Louise Rosson	19	16	3	$9,720
Rev. Dr. David Clark	19	14	9	$10,210
Don Harley	19	18	5	$11,014
Noeline Munro	19	14	3	$7,550
Nina Kirifi-Alai	19	13	4	$7,550
Helen Webster	9	9	8	$7,485
Gary Kircher	9	9	6	$6,785
				$142,368

2 Trustees interest

(A) Trustees' interests in transactions

The Trust maintains a "register of Interests" which is held at its offices and which is available for public inspection.

(B) Trustee liability insurance

The Trust has insured its Trustees against liability to other parties that may arise from their position as Trustees. The policies do not cover liabilities arising from criminal actions.

The Trust has also insured its Trustees who are its nominated directors of Fillmor House Ltd against liability to other parties that may arise from their position.

3 Employee's remuneration

During the year, the following number of employees received remuneration of at least $100,000:

	Number of Employees
150,000 – 159,999	1

A list of donations approved during the year ended 31 March 2010 is available on request from the office of Otago Community Trust, telephone 0800 101 240 or via the website www.oct.org.nz

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Audit Report

To the Trustees of the Otago Community Trust

We have audited the financial statements on pages 3 to 25. The financial statements provide information about the past financial performance and financial position of the Trust and group as at 31 March 2010. This information is stated in accordance with the accounting policies set out on pages 6 to 10.

Trustees' Responsibilities

The Trustees are responsible for the preparation of the financial statements which gives a true and fair view of the financial position of the Trust and group 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 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:

(a) the significant estimates and judgements made by the Trustees in the preparation of the financial statements; and

(b) whether the accounting policies are appropriate to the Trust's and groups' circumstances, consistently applied and adequately disclosed.

We have conducted our audit in accordance 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 the information in the financial statements.

We have performed Human Resource consulting assignments for the Trust during the year. We have no other relationship with, or interest in the Trust or any of its subsidiaries other than in our capacity as auditor.

Audit Report
To the Trustees of the Otago Community Trust
Page 2

Polson
BUSINESS ADVISORS

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 and group as far as appears from our examination of those records; and
- The financial statements on pages 3 to 25:
  - 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 and group as at 31 March 2010, and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 29 June 2010 and our unqualified opinion is expressed as at that date.

Polson Higgs

Chartered Accountants
Dunedin

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