



New Zealand Gazette

OF THURSDAY, 12 AUGUST 2010

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THE WAIKATO COMMUNITY TRUST INCORPORATED

FINANCIAL STATEMENTS

PURSUANT TO SECTION 13 OF THE
COMMUNITY TRUSTS ACT 1999

THE WAIKATO COMMUNITY TRUST INCORPORATED**FINANCIAL STATEMENTS****For the year ended 31 March 2010**

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THE WAIKATO COMMUNITY TRUST INCORPORATED**DIRECTORY****For the year ended 31 March 2010**

PRINCIPAL ACTIVITY: Investment

TRUSTEES: Anderson, Josie
Astle, Dennis
Baddeley, Clint
Doubé, Bernadette
Gillespie, John (*from 1 October 2009*)
Hosking, Bruce (*Investment Committee Chair*)
Karalus, Peta (*Trustee full year, Deputy Chair from October 2009*)
Kilbride, John (*Chair*)
Law, Michael (*to 30 September 2009*)
McConnell, Angus
Moxon, Tureiti (*Trustee and Deputy Chair to 30 September 2009*)
Muru, Judith
Purnell, Max
Roa, Pam (*from 1 October 2009*)
Tan, Fee-Ching
Yates, Dianne

CHIEF EXECUTIVE: Bev Gatenby**SECRETARY:** Geoff Balme**ACCOUNTANTS:** PricewaterhouseCoopers
Hamilton**AUDITORS:** Deloitte
Hamilton**BANKERS:** Westpac Limited
Hamilton

THE WAIKATO COMMUNITY TRUST INCORPORATED

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2010

	Notes	2010 NZ\$'000	2009 NZ\$'000
Revenue	3	9,281	13,663
Realised & Unrealised Gains/(Losses)	4	36,300	(36,102)
Donations	16	(6,920)	(7,529)
Audit Fees	23	(22)	(44)
Depreciation	11	(83)	(96)
Employee Remuneration		(452)	(422)
Fund Management Services		(628)	(623)
Fair Value Adjustment on Initial Recognition of Interest Free Loan	12	-	(525)
Investment Advisory Services		(191)	(126)
Other Expenses		(490)	(566)
Sponsorship		(186)	(166)
Trustee Fees	17	(194)	(207)
SURPLUS (DEFICIT) FROM OPERATIONS		36,415	(32,743)
Being Total Comprehensive Income for the year			
Total Comprehensive Income has been applied to:			
Trust Funds		36,415	(32,743)
		36,415	(32,743)

THE WAIKATO COMMUNITY TRUST INCORPORATED

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2010

	Notes	2010 NZ\$'000	2009 NZ\$'000
TRUST FUNDS AS AT 1 APRIL		207,327	240,070
<hr/>			
Surplus (Deficit) for the year:		36,415	(32,743)
<hr/>			
Total Comprehensive Income		36,415	(32,743)
<hr/>			
TRUST FUNDS AS AT 31 MARCH		243,742	207,327

THE WAIKATO COMMUNITY TRUST INCORPORATED

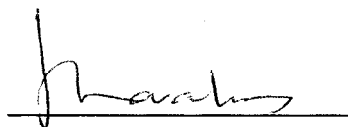
BALANCE SHEET

As at 31 March 2010

	Notes	2010 NZ\$'000	2009 NZ\$'000
EQUITY			
Trust Funds		243,742	207,327
TOTAL EQUITY		243,742	207,327
CURRENT LIABILITIES			
Trade & Other Payables	5	174	130
Donations Payable	6	1,480	1,423
Employee Entitlements	7	23	16
		1,677	1,569
TOTAL EQUITY AND LIABILITIES		245,419	208,896
CURRENT ASSETS			
Cash & Cash Equivalents	8	102	185
Trade & Other Receivables	9	10	17
Derivative Financial Instruments	15	590	2,975
		702	3,177
NON CURRENT ASSETS			
Financial Assets at Fair Value through Profit or Loss	10	240,795	201,902
Property, Plant & Equipment	11	2,701	2,760
Sport Waikato Loan	12	1,121	1,028
Database Loan	22	100	29
		244,717	205,719
TOTAL ASSETS		245,419	208,896

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

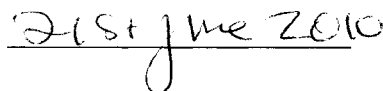
Trustee:



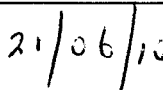
Trustee:



Date:



Date:



THE WAIKATO COMMUNITY TRUST INCORPORATED

CASH FLOW STATEMENT

For the year ended 31 March 2010

	Notes	2010 NZ\$'000	2009 NZ\$'000
CASH FLOW FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Interest		2	29
Other Investment Income Received		44	28
GST (net)		7	17
		53	74
<i>Cash was applied to:</i>			
Payments to Suppliers and Employees		(1,661)	(1,718)
Donations paid		(6,663)	(8,600)
		(8,544)	(10,318)
Net Cash (used in)/provided by Operating Activities	14	(8,491)	(10,244)
CASH FLOW FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Sale of Investments		8,503	11,998
		8,503	11,998
<i>Cash was applied to:</i>			
Purchase of Property, Plant & Equipment		(24)	(382)
Sport Waikato Loan		-	(1,500)
Database Loan		(71)	-
		(95)	(1,882)
Net Cash (used in)/provided by Investing Activities		8,408	10,116
NET DECREASE IN CASH & CASH EQUIVALENTS			
Cash and Cash Equivalents at the Beginning of the Financial Year		185	313
CASH & CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	102	185

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The Cash Flow Statement comparative figures have been restated to exclude dividends (\$4,015,000) interest (\$9,541,000), and other investment income received (-\$22,054,000) which were reinvested into investments rather than being paid in cash to the Trust. Payments to suppliers and employees has also been restated (-\$534,000) to exclude management fees which were deducted directly from the fund rather than being paid in cash by the Trust. Sale of investments has been restated (\$9,023,000) as a result of the adjustments noted above. The restated figures show the cash flow movements within The Waikato Community Trust Incorporated's bank account. The Cash Flow Statement does not include cash flows through the fund managers accounts. The overall effect of the restatement is to reduce the net cash provided by operating and investing activities by \$9,023,000. Note 14 has also been restated to take into consideration these changes.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2010**

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

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

The financial statements were authorised for issue by the Trustees on 21 June 2010.

Statement of Compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP') and The Incorporated Societies Act 1908. They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate for public benefit entities.

Basis of Preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain assets, as identified in the specific accounting policies below, which are stated at their fair value.

Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with NZ IFRS requires management of the use of certain critical accounting estimates, judgements and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and judgements are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. In the process of applying the Trust's accounting policies management have made judgements regarding whether or not discretionary donations are payable at year end or if discretionary donations are commitments at year end. This potentially has a significant effect on the amounts recognised in the financial statements. Donations payable are discretionary donations where there are no significant conditions attached to the donation at balance date or where the significant conditions attached to the donation have been met at balance date. Donations that are classified as commitments at year end are discretionary donation obligations at balance date that are reliant on additional funding or have other significant conditions attached to them to go ahead with a specified project. Refer to note 16 for the donation expense reconciliation and note 6 for the donations payable at 31 March 2010.

In determining the fair value of the interest free loan to Sports Waikato, management have used the market rate for a five year fixed interest loan at the loan drawdown date in August 2008. The rate used affects the carrying value of the loan and the fair value adjustment reflected in the comparative Statement of Comprehensive Income. Refer to note 12 for the carrying value of the loan at March 2010.

The fair value of derivative financial instruments is determined based on observable market rates. Refer to note 15 for the carrying value of these instruments as at 31 March 2010.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

Changes in accounting policy and disclosures

a) New and amended standards adopted by the Trust:

The Trust has adopted the following new and amended IFRSs as of 1 January 2009:

IFRS 7 'Financial instruments - Disclosures' (amendment) - effective 1 January 2009.

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings.

IAS 1 (revised). 'Presentation of financial statements' - effective 1 January 2009.

The revised standard prohibits the presentation of items of income and expenses in the statement of changes in equity. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Trust:

Standard/Interpretation	Effective for annual reporting periods	Expected to be initially applied in the financial year ending
Omnibus Amendments (2009)	1 July 2009	31 March 2011
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2009	*	31 March 2011
NZ IFRS 9 Financial Instruments	1 January 2013	31 March 2014

* The effective date and transitional provisions vary by Standard. Most of the improvements are effective for annual periods beginning on or after 1 January 2010, with earlier adoption permitted.

All the above amendments will not have a significant impact on the financial statements.

Other standards/interpretations that are not included above are not relevant to the Trust.

Specific Accounting Policies

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

(a) Revenue Recognition

Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholders' rights to receive payment have been established. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Rental revenue

Rents (net of any incentives) are recognised on a straight line basis over the lease term.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2010**

(b) Trade & Other Payables

Trade payables and other accounts payable are recognised at fair value when the Trust becomes obliged to make future payments resulting from the purchase of goods and services. Subsequent to initial recognition, trade payables and other accounts payable are recorded at amortised cost. Given the nature of these liabilities, amortised cost equals their notional principal.

Donations payable are discretionary donations where there are no significant conditions attached or where the significant conditions attached to the donations have been met at balance date.

(c) Employee Entitlements

Provision is made for wages and salaries, including non monetary benefits, annual leave and accumulating sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions in respect of employee entitlements expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Provisions made in respect of employee entitlements not expected to be settled within 12 months are measured at the present value of the estimated cash outflows to be made in respect of services provided up to the reporting date.

Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(d) Donations

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

(e) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash in banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(f) Financial Assets and LiabilitiesInvestments

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial Assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held to maturity' investments, 'available for sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

The Trust classifies its investments as financial assets at fair value through profit or loss. These financial assets are designated by management at fair value through profit or loss at inception. Derivatives are also classified as financial assets at fair value through profit or loss.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2010**

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Trust's documented investment strategy and for which information is provided internally to key management personnel on that basis.

Regular-way purchases and sales of investments are recognised on the trade date – the date on which the Trust commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Trust has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the Statement of Comprehensive Income. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value are presented in the Statement of Comprehensive Income in the period in which they arise. Interest income from financial assets at fair value through profit or loss is recognised in the Statement of Comprehensive Income within interest income using the effective interest method. Dividend income from financial assets at fair value through profit or loss is recognised in the Statement of Comprehensive Income within dividend income when the Trust's right to receive payments is established.

Derivatives that do not qualify for hedge accounting and are accounted for at fair value through profit or loss are recognised initially at fair value subsequent to initial recognition, derivative financial instruments are stated at fair value. Changes in the fair value are recognised immediately in the Statement of Comprehensive Income within realised and unrealised gains/(losses).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Trust's loans and receivables comprise 'trade and other receivables', the Sport Waikato loan and the Database loan.

Loans and receivables are initially recognised at fair value plus transaction costs. The fair value of long term receivables or loans that are interest free or have interest rates below market values is estimated using the present value of all future cashflow receipts discounted using the prevailing market rate of interest for similar instruments with a similar credit rating. After initial recognition, loans and receivables are carried at amortised cost using the effective interest method less impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period, to the net carrying amount of the financial asset.

The Trust assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2010**

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount of the financial liability.

(g) Property, Plant & Equipment

Land is valued at cost. Buildings, office equipment, art and artefacts, and motor vehicles are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition. Art and artefacts are recognised at cost except for donated items acquired at nil or below market value which are recognised at fair value with the corresponding value recognised in the Statement of Comprehensive Income.

Depreciation is provided on property, plant and equipment, art and artefacts, including freehold buildings but excluding land.

Depreciation on buildings, office equipment and motor vehicles is calculated on a diminishing value basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the diminishing value method. Art and artefacts are depreciated using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

Rental property is included in property, plant & equipment in accordance with NZ IFRS as the rental property is held to provide a social service rather than for rental income or capital appreciation or both.

The following estimated useful lives are used in the calculation of depreciation:

Office Equipment	3-25 years
Motor Vehicles	7 years
Buildings	5-75 years
Art & Artefacts	100 years

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2010**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Trust and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Refer to the accounting policy below on impairment of tangible assets.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within other income or other expenses.

(h) Cash Flows

Cash flows from operating activities are presented using the direct method.

Definition of terms used in the cash flow statement:

- Cash means cash on deposit with banks net of outstanding bank overdrafts.
- Investing activities comprise the purchase and sale of property plant & equipment, and investments.
- Financing activities comprise the change in equity of the Trust.
- Operating activities include all transactions and events that are not investing or financing activities.

(i) Impairment of other Tangible Assets

At each reporting date the Trust reviews the carrying amounts of its tangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Trust estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as revaluation decrease.

Where an impairment subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST. The net amount of GST recoverable from or payable to the Inland Revenue Department (IRD) is included as part of receivables or payables. The GST component of cash flows arising from investing and financing activities which is recoverable from or payable to the IRD is classified as operating cash flows.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2010****(k) Taxation**

The Trust is exempt from income tax under Section CW52 of the Income Tax Act (2007).

(l) Currency TranslationFunctional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in New Zealand dollars, which is the Trust's functional and presentation currency, rounded to the nearest thousand dollars.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Translation differences on non-monetary financial assets and liabilities carried at fair value are included in the Statement of Comprehensive Income for the period. For such non-monetary items any exchange component of that gain or loss is also recognised directly in equity.

(m) Derivative Financial Instruments

The Trust has a 100% passive currency hedging programme over units invested in the State Street Global Index Plus Trust. The base currency of the international equity portfolio is New Zealand dollars and all currency exposures are 100% hedged back to the New Zealand dollar.

The Trust via fund managers enters into foreign currency forward exchange contracts to manage its exposure to foreign exchange rate risk. Further details of derivative financial instruments are disclosed in note 15 to the financial statements.

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

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Trust Waikato does not apply hedge accounting.

(n) Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Payments under operating leases are recognised in the Statement of Comprehensive Income on a straight line basis over the term of the lease.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 March 2010**

Entity as lessor

Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recognised at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

When assets are leased out under an operating lease, the asset is included in property, plant and equipment in the Balance Sheet based on the nature of the asset. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment.

2. INCORPORATION

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

THE WAIKATO COMMUNITY TRUST INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 March 2010
3. REVENUE
Comprises:

	2010 NZ\$'000	2009 NZ\$'000
Dividends	4,530	4,015
Interest	4,707	9,623
Rent	25	25
Other Income	19	-
	9,281	13,663
	9,281	13,663

4. REALISED & UNREALISED GAINS/(LOSSES)

	2010 NZ\$'000	2009 NZ\$'000
Realised Gains/(Losses) on Financial Assets at FVTPL *	7,655	(3,922)
Unrealised Gains/(Losses) on Financial Assets at FVTPL *	19,278	(17,615)
Realised Gain/(Loss) on Derivative Financial Instrument	11,752	(18,160)
Unrealised (Loss)/Gain on Derivative Financial Instrument	(2,385)	3,595
	36,300	(36,102)
	36,300	(36,102)

* FVTPL is Fair Value Through Profit and Loss

5. TRADE & OTHER PAYABLES

	2010 NZ\$'000	2009 NZ\$'000
Accounts Payable	100	110
Accrued Expenses	74	20
	174	130
	174	130

Accounts payable are non interest bearing and are normally settled on 30-day terms. Therefore the carrying value of accounts payable approximates their fair value.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 March 2010**

	2010	2009
	NZ\$'000	NZ\$'000
6. DONATIONS PAYABLE		
Donations	1,480	1,423
	1,480	1,423

Donations payable are non interest bearing and are normally settled within 12 months. Therefore the carrying value of donations payable approximates their fair value.

	2010	2009
	NZ\$'000	NZ\$'000
7. EMPLOYEE ENTITLEMENTS		
Holiday Pay	23	16
	23	16

All employee benefits are payable within 12 months.

	2010	2009
	NZ\$'000	NZ\$'000
8. CASH & CASH EQUIVALENTS		
Cash at bank and on hand	102	185
	102	185

The carrying value of cash at bank and on hand approximates their fair value.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2010****9. TRADE & OTHER RECEIVABLES**

GST

2010	2009
NZ\$'000	NZ\$'000
10	17
10	17

The average credit period on GST is 30 days, no interest is charged on outstanding balances. The Trust does not hold any collateral over these balances.

The carrying value of trade receivables approximates their fair values.

**10. FINANCIAL ASSETS AT FAIR VALUE
THROUGH PROFIT OR LOSS**

Global Equities (note 15)

NZ Fixed Interest and Cash (note 15)

NZ Equities (note 15)

Global Fixed Interest (note 15)

2010	2009
NZ\$'000	NZ\$'000
74,412	37,295
39,254	81,061
25,294	13,168
101,835	70,378
240,795	201,902

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

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2010****11. PROPERTY, PLANT & EQUIPMENT****Office Equipment**Cost

	2010 NZ\$'000	2009 NZ\$'000
Balance at 1 April	263	266
Add additions	3	15
Less disposals	-	(18)
Balance at 31 March	266	263
<u>Accumulated Depreciation</u>		
Balance at 1 April	196	191
Less disposals	-	(18)
Depreciation Expense	15	23
Balance at 31 March	211	196
Net Book Value at 31 March	55	67

Motor VehiclesCost

Balance at 1 April	92	96
Add additions	-	70
Less disposals	-	(74)
Balance at 31 March	92	92
<u>Accumulated Depreciation</u>		
Balance at 1 April	41	70
Depreciation Expense	-	28
Less disposals	18	(57)
Balance at 31 March	59	41
Net Book Value at 31 March	33	51

Art and ArtefactsCost

Balance at 1 April	962	839
Add additions	-	123
Less disposals	-	-
Balance at 31 March	962	962
<u>Accumulated Depreciation</u>		
Balance at 1 April	17	8
Depreciation Expense	10	9
Balance at 31 March	27	17
Net Book Value at 31 March	935	945

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

	2010 NZ\$'000	2009 NZ\$'000
Buildings		
<u>Cost</u>		
Balance at 1 April	1,195	1,025
Add additions	21	170
Less disposals	-	-
Balance at 31 March	1,216	1,195
<u>Accumulated Depreciation</u>		
Balance at 1 April	342	306
Depreciation Expense	40	36
Balance at 31 March	382	342
Net Book Value 31 March	834	853
Land		
<u>Cost</u>		
Balance 1 April	844	844
Add additions	-	-
Less disposals	-	-
Balance at 31 March	844	844
Total Property Plant & Equipment		
<u>Cost</u>		
Balance at 1 April	3,356	3,070
Add additions	24	378
Less disposals	-	(92)
Balance at 31 March	3,380	3,356
<u>Accumulated Depreciation</u>		
Balance at 1 April	596	575
Less disposals	-	(75)
Depreciation Expense	83	96
Balance at 31 March	679	596
Net Book Value at 31 March	2,701	2,760

(i) There are no items of property, plant, and equipment which are not in current use.

(ii) There have been no impairment losses recognised or reversed in the current period.

(iii) There are no restrictions in title relating to property, plant, and equipment or items pledged as security for liabilities.

The carrying value of rental properties has been disclosed in note 19.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 March 2010****12. SPORT WAIKATO LOAN**

The loan to Sport Waikato is secured by a first ranking general security agreement over all of the present and after-acquired property of the borrower. The loan is interest free and repayable in one sum by 19 August 2013. The loan balance is made up as follows:

	2010	2009
	NZ\$'000	NZ\$'000
Loan Principal	1,500	1,500
Fair Value Adjustment on Initial Recognition of Interest Free Loan	(525)	(525)
Accumulative Notional Interest	146	53
	1,121	1,028

The above loan carrying value is calculated using the market interest rate at the time of the loan drawdown. The fair value of the Sport Waikato loan at balance date is \$1,170,758.

13. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

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

	2010	2009
	NZ\$'000	NZ\$'000
Total Commitments	5,937	2,911
Subject to fulfilment of the conditions, the commitments are payable as follows:		
Not later than 1 year	2,668	2,533
Later than 1 year and not later than 5 years	3,269	378
	5,937	2,911

There are no other capital commitments or contingent liabilities at balance date (2009 - Nil).

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

	2010 NZ\$'000	2009 NZ\$'000
14. RECONCILIATION OF SURPLUS (DEFICIT) FOR THE PERIOD TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
SURPLUS (DEFICIT) FOR THE YEAR	36,415	(32,743)
Adjust for non-cash items:		
Profit on Sale of Property, Plant and Equipment	-	(8)
Depreciation	83	96
Investment movement **	(45,011)	23,043
Fair Value Adjustment on Initial Recognition of the Interest Free Loan	-	525
Notional Interest on Interest Free Loan	(93)	(53)
	(45,021)	23,603
Impact of changes in net assets and liabilities:		
(Increase) decrease in Trade & Other Receivables	7	20
Increase (decrease) in Trade & Other Payables	44	(52)
Increase (decrease) in Donations Payable	57	(1,071)
Increase (decrease) in Employee Entitlements	7	(1)
	115	(1,104)
Net cash inflow from operating activities	(8,491)	(10,244)

**The investment movement relates to realised/ unrealised gains/losses, interest, dividends and management fees. These items, while recognised by the Trust, were not physically received or paid during the year. These have been treated as contributions/withdrawals to/from the investments.

15. FINANCIAL INSTRUMENTS

Financial Risk Management

The Trust's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and equity price risk), credit risk and liquidity risk.

The Trust has policies to manage the risks associated with financial instruments. The Trust is risk averse and seeks to minimise exposure from its treasury activities. The Trust has established investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market Risk

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

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

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2010**

Fair value interest rate risk

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

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

Cash flow interest rate risk

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

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

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

Currency risk

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

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

The sensitivity rates differ from the previous year to reflect the volatility in the international currency and financial markets that have been experienced over the past year. The disclosures adopted provide a more accurate measurement for the movement in the future, due to current market volatility.

Price Risk

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

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

Credit Risk Management

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

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

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2010**

The Trust has processes in place to review the credit exposure and credit quality of funds prior to the funds being deposited with financial institutions.

The Trust's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash equivalents (note 8), other financial assets at fair value through profit or loss (note 10), trade and other receivables (note 9), the Sport Waikato loan (note 12), and the database loan (note 22).

Liquidity Risk Management

Liquidity risk is the risk that the Trust will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Trust aims to maintain flexibility in funding by keeping committed credit lines available.

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

The following table summarises the sensitivity of the Trust's financial assets and liabilities to interest rate risk, foreign exchange risk and other price risk.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

31 March 2010	Carrying amount \$'000	Interest rate risk				Foreign exchange risk				Price risk			
		-1%		+3%		-25%		+10%		-10%		+30%	
		Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000

Financial assets

Derivative

Financial

Instrument	590	-	-	-	-	(19,484)	(19,484)	5,314	5,314	-	-	-	-
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Assets recorded at

Fair Value through

the Profit or Loss

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

(decrease)		(1,411)	(1,411)	4,233	4,233	39,063	39,063	(10,653)	(10,653)	23,022	23,022	(69,067)	(69,067)
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31 March 2009	Carrying amount \$'000	Interest rate risk				Foreign exchange risk				Price risk			
		-1%		+3%		-10%		+25%		-10%		+30%	
		Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000

Financial assets

Derivative

Financial

Instrument	2,975	-	-	-	-	(4,101)	(4,101)	7,382	7,382	-	-	-	-
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Assets recorded at

Fair Value through

the Profit or Loss

(FVTPL)	201,902	(1,514)	(1,514)	4,543	4,543	11,964	11,964	(21,535)	(21,535)	17,578	17,578	(52,733)	(52,733)
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Total increase/

(decrease)		(1,514)	(1,514)	4,543	4,543	7,863	7,863	(14,153)	(14,153)	17,578	17,578	(52,733)	(52,733)
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THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

Fair Value of Financial Instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Trust is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs require to fair value and instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers between level 1 and 2 in the period.

Assets	Level 1	Level 2	Level 3	Total
	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
Financial assets at fair value through profit and loss	240,795	-	-	240,795
Derivatives	-	590	-	590

Capital Risk Management

The Trust's objectives when managing Trust capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for the community. The capital structure of the Trust consists of cash and cash equivalents and Trust funds. The Trust's Investment Committee reviews the Trust funds and the risks associated with the trust funds.

Following the sale of the Trust's shares in Trust Bank New Zealand Limited in April 1996 the Trustees agreed that the value of the Trust at that time should be maintained for the benefit of current and future generations living in the Waikato region. For this purpose the Trustees agreed that \$169,800,000 would be considered as the initial capital of the Trust and increased each year to reflect growth due to inflation and regional growth.

The Trustees have adopted an investment strategy with a targeted long term annual rate of return of 6.8% (2009 - 6.8%) of the Trust's capital value. Recognising that actual returns are likely to fluctuate from year to year, the Trust retains the variation from the target in Trust funds so that in years when investment returns are less than the target sufficient funds are available to meet expenditure and make distributions. If the Trust fund falls below the value that needs to be maintained for the benefit of current and future generations the level of expenditure and distributions are reviewed by the Trust.

The Trust's present donation policy is to distribute annually as donations between 3% and 4% (2009 - 3% and 4%) of the Trust fund value that should be maintained for the benefit of current and future generations. The Trustees recognise that for a number of reasons this might not always be achievable and that there will inevitably be fluctuations between the donations distributed and the actual target.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2010**

The Trust uses the services of an investment advisor to pursue an investment policy considered appropriate for the Trust. The Trust selects fund managers according to their style and specialist skills including the ability to protect capital in negative or down markets. In the year to 31 March 2010 the Trust has pursued the following interim asset allocation as it responded to the downturn in financial markets and changed some fund managers and asset allocations:

New Zealand Equities	10.0%
New Zealand Fixed Interest	10.0%
New Zealand Cash	5.0%
Global Equities (Fully Hedged)	27.5%
Global Fixed Interest (Fully Hedged)	47.5%
	<u>100.0%</u>

In 2010 the Trust adopted and is now implementing the following strategic asset allocation:

New Zealand Equities	15.0%
New Zealand Fixed Interest	10.0%
New Zealand Cash	5.0%
Global Equities (Fully Hedged)	25.0%
Global Fixed Interest (Fully Hedged)	25.0%
Property	10.0%
Alternatives	10.0%
	<u>100.0%</u>

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

THE WAIKATO COMMUNITY TRUST INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 March 2010

The following financial assets have been recognised in the financial statements of the Trust.

	2010	2009
	NZ\$'000	NZ\$'000
Global Equities (note 10)	74,412	37,295
Denominated in the following currencies:		
Canadian dollar equivalents	3,862	1,663
Danish krona equivalents	387	168
Euro equivalents	11,295	5,725
Great Britain pound equivalents	7,488	3,696
Hong Kong dollar equivalents	870	433
Japanese yen equivalents	7,864	4,237
New Zealand dollars	47	-
Norwegian kroner equivalents	267	119
Singapore dollar equivalents	556	186
Swedish krona equivalents	991	365
Swiss franc equivalents	2,753	1,458
United States dollar equivalents	38,032	19,245
	74,412	37,295
NZ Fixed Interest and Cash (note 10)	39,254	81,061
Denominated in the following currencies:		
New Zealand dollars	39,254	81,061
	39,254	81,061

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 March 2010**

	2010	2009
	NZ\$'000	NZ\$'000
NZ Equities (note 10)	25,294	13,168
Denominated in the following currencies:		
New Zealand dollars	21,963	13,168
Australian dollars	3,331	-
	25,294	13,168
Global Fixed Interest (note 10)	101,835	70,378
Denominated in the following currencies:		
Australian dollar equivalents	3,780	1,098
Brazilian real equivalents	146	-
Canadian dollar equivalents	7,085	2,372
Chinese yuan equivalents	450	-
Danish krona equivalents	127	-
Euro equivalents	35,477	30,481
Great Britain pound equivalents	2,958	6,848
Hong Kong dollar equivalents	59	-
Indian rupee equivalents	202	-
Indonesian rupiah	26	-
Japanese yen equivalents	10,444	10,500
Malaysian ringit equivalents	33	-
New Zealand dollars	3,889	-
Norwegian kroner equivalents	273	-
Philippine peso equivalents	75	-
Singapore dollar equivalents	198	-
South Korean won equivalents	276	-
Swedish krona equivalents	247	640
Swiss franc equivalents	172	-
Taiwan dollar equivalents	179	-
United States dollar equivalents	35,739	18,439
	101,835	70,378

Forward Foreign Exchange Contracts

The Trust manages its foreign exchange risk by using forward exchange contracts to cover 100% of its foreign currency exposures. Such forward exchange contracts have the economic effect of converting foreign currency denominated balances into New Zealand Dollars. These forward exchange contracts are not treated as hedges for accounting purposes.

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

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

	Average Exchange Rate		Foreign Currency		Contract Value		Fair Value	
	2010	2009	2010	2009	2010	2009	2010	2009
Outstanding Contracts			'000	'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
<u>Buy Canadian Dollars</u>								
Less than 3 months	0.7368	0.6637	2,203	1,169	2,992	1,761	(77)	124
<u>Buy Swiss Franc</u>								
Less than 3 months	0.7432	0.6139	1,640	900	2,207	1,467	3	70
<u>Buy Euro</u>								
Less than 3 months	0.5076	0.4017	5,390	2,715	10,620	6,760	311	410
<u>Buy Great Britain Pounds</u>								
Less than 3 months	0.4546	0.3721	2,754	1,408	6,061	3,783	157	228
<u>Buy Japanese Yen</u>								
Less than 3 months	64.0007	50.8100	420,768	250,546	6,580	4,933	212	460
<u>Buy US Dollars</u>								
Less than 3 months	0.7077	0.5250	22,187	11,850	31,371	22,593	11	1,726
<u>Sell Japanese Yen</u>								
Less than 3 months	61.9219	51.8082	11,084	4,507	179	87	(11)	(6)
<u>Sell Euro</u>								
Less than 3 months	0.5063	0.4067	112	48	222	118	(7)	(5)
<u>Sell US Dollars</u>								
Less than 3 months	0.6937	0.5539	211	632	304	1,142	(6)	(29)
<u>Sell Canadian Dollars</u>								
Less than 3 months	0.7471	-	19	-	26	-	1	-
<u>Sell Great Britain Pounds</u>								
Less than 3 months	0.4439	0.3751	27	26	60	70	(4)	(3)
					60,622	42,714	590	2,975

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

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2010****Liquidity Risk Tables - Financial Liabilities**

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

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

2010

Non Interest Bearing Payables

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

2009

Non Interest Bearing Payables

- Trade & Other Payables	130	-	-	-	130
- Employee Entitlements	16	-	-	-	16
- Donations Payable	1,423	-	-	-	1,423
	<u>1,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,569</u>

16. DONATIONS

On 21 April 2010 the Waikato Times published a list totalling \$7,268,700 which showed the donations approved by the Trust during the year ended 31 March 2010.

\$

Total donations published in the Waikato Times	7,268,700
Less: Future conditional commitments included in above:	
Hamilton Roller Skating Club	(10,000)
Hauraki Plains Netball Association Incorporated	(42,000)
Morrinsville Historical Society Incorporated	(75,000)
Ngati Koroki Kahukura Trust	(15,000)
Ngati Maniapoto Marae Pact Trust Incorporated	(170,000)
Pouakani Marae Trustees	(200,000)
Raglan Cultural and Events Trust	(15,000)
Rukumoana Marae	(120,000)
South Waikato Sports and Leisure Board	(250,000)
Stanley Avenue School	(70,000)
Taringamotu Maori Committee	(60,000)
Te Papatapu Marae	(75,000)
Te Rongoroa Marae	(10,000)
Te Whare Kura a Manaia	(65,000)
Tomotuki Marae	(17,000)
Totara Springs Christian Centre	(100,000)
Waikato Community Hospice Trust	(20,000)
	<u>(1,314,000)</u>

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2010**

Add: Past conditional commitments paid during year:

Alcohol and Drug Community Support Trust	48,000
Cambridge High School	100,000
IHC - Regional	10,000
Maungatautari Ecological Island Trust	50,000
Order of St John - Otorohanga	50,000
Otorohanga Netball Centre	5,000
Te Ohaki Marae, Matamata	12,500
Turangawaewae Kohanga Reo	8,000
Volunteer Fire Brigade - Athenree	15,000
Waahi Marae Committee	45,000
Waikato Community Hospice Trust	100,000
Waikato Technology Support and Resource Centre	25,000
Waipa District Council	250,000
Weraroa Marae Trust	80,000
Whitianga Community Services Trust	116,000
	<u>914,500</u>

Less: Payment of donations payable at beginning of year:

Music & Arts Waikato Trust	(343,000)
Social Services Waikato Trust	(500,000)
Sport Waikato - Sports Force	(580,000)
	<u>(1,423,000)</u>

Add: Donations approved during the year and payable at end of year:

Music & Arts Waikato Trust	300,000
Social Services Waikato Trust	500,000
Sport Waikato - Sports Force	680,000
	<u>1,480,000</u>

Less: Donations refunded during year:

Philips Search and Rescue Trust	(2,500)
Te Aroha Primary School	(600)
Te Kopua Marae	(313)
Waingaro Marae	(3,000)
	<u>(6,413)</u>

Total donations for the year shown in the Statement of Comprehensive Income 6,919,787**A full list of donations is available on request.**

A list of donations for the year ended 31 March 2010 is available on request from Trust Waikato, 2 London Street, PO Box 391, Hamilton 3240 or via the website www.trustwaikato.co.nz

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 31 March 2010****17. MEETING ATTENDANCE**

The Trust held 23 formal meetings during the year. The following table records each Trustee's attendance at these formal meetings:

Trustee	Meeting Attendance	Honorarium \$	Meeting Fee \$	Total \$
Anderson, Josie	16	3,070	5,740	8,810
Astle, Dennis	22	3,070	7,000	10,070
Baddeley, Clint	23	3,070	10,570	13,640
Doube, Bernadette	15	3,070	4,655	7,725
Gillespie, John (<i>from 1 October 2009</i>)	9	1,535	3,535	5,070
Hosking, Bruce (<i>Investment Committee Chair</i>)	19	4,070	14,200	18,270
Karalus, Peta (<i>Trustee full year, Deputy Chair from October 2009</i>)	17	4,458	6,055	10,513
Kilbride, John (<i>Chair</i>)	22	11,400	27,680	39,080
Law, Michael (<i>to 30 September 2009</i>)	5	1,535	4,060	5,595
McConnell, Angus	17	3,070	7,385	10,455
Moxon, Tureiti (<i>Trustee and Deputy Chair to 30 September 2009</i>)	3	2,923	2,590	5,513
Muru, Judith	22	3,070	9,590	12,660
Purnell, Max	21	3,070	10,780	13,850
Roa, Pam (<i>from 1 October 2009</i>)	8	1,535	5,215	6,750
Tan, Fee-Ching	19	3,070	8,680	11,750
Yates, Dianne	23	3,070	11,585	14,655
Total Remuneration				<u>194,406</u>

During the year the Trustees and Trust staff were invited to 236 separate formal and informal meetings and functions. The Trust was able to achieve representation at approximately 171 of these meetings and functions.

18. CONFLICTS OF INTEREST

During the year Trustees and staff were required to declare when they had either a direct or indirect conflict of interest in a matter being considered by the Trust. 171 such interests were recorded during the course of the year (2009 – 88) and a register of those interests is available for inspection at the Trust.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

19. OPERATING LEASE ARRANGEMENTS

The Trust as Lessor

Non - cancellable operating lease receivable

Not longer than 1 year	22	22
Longer than 1 year and not longer than 5 years	11	33
Longer than 5 years	-	-

	2010 NZ\$'000	2009 NZ\$'000
	22	22
	11	33
	-	-
	33	55

The operating lease relates to the building owned by the Trust at 87 Boundary Road, which is included in property, plant & equipment in the Balance Sheet. The lease term for 87 Boundary Road is three years with no right of renewal. The final expiry date of the lease is 19 September 2011.

The carrying value of the leased asset is \$347,691 (Land - \$87,000, Buildings - \$260,691), the accumulated depreciation is \$75,382 and the depreciation charge for the year is \$11,178.

20. SUBSEQUENT EVENTS

There are no matters or events that have arisen, or been discovered, subsequent to balance date that would require adjustment to, or disclosure in, these financial statements.

21. RELATED PARTY TRANSACTIONS

Key Management Personnel

The compensation of the Trustees and executives, being the key management personnel of the Trust, is set out below:

Short term Trustee and employee benefits

	2010 NZ\$'000	2009 NZ\$'000
	352	352
	352	352

Transactions with Executives

Key management were related to organisations that received donations totalling \$42,000 (2009-\$69,000) during the year. Interests were declared when these donations were considered and key management took no part in deliberations relating to organisations they had an interest in.

There are no outstanding balances at balance date.

THE WAIKATO COMMUNITY TRUST INCORPORATED**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2010**

Transactions with Trustees

Trustees were related to organisations that received donations totalling \$486,500 (2009-\$625,000) during the year. Interests were declared when these donations were considered and Trustees took no part in deliberations relating to organisations they had an interest in.

There are no outstanding balances at balance date.

22. DATABASE LOAN

The Trust and ten of the other eleven Community Trusts established under the 1988 Trustee Bank Restructuring Act are combining resources to own and operate an integrated donation management and financial management information system. The system is currently being developed and once completed will be owned and operated by a limited partnership named Te Kete Putea Limited Partnership (TKPLP). The total cost of the project is expected to be in the order of \$1.5m. The Trust's estimated contribution to these costs is 9.4%.

It is envisaged that the capital of the limited partnership will consist of 10,000 units and each Trust will hold units in proportion to its audited capital at 31 March 2008. The value of each unit will be determined once project costs are finalised. Until such time as TKPLP has been established, ASB Community Trust (ASBCT) is entering into project contracts with vendors on behalf of the Trusts and meeting the funding requirements for the project in terms of a letter of indemnity from each of the participating Trusts. The contracts with the vendors provide for the contracts to be novated to TKPLP once it becomes established.

The Trust has met its funding proportion for the project by way of a loan to ASBCT, who has agreed to undertake the work on the project and incur the project commitments. The Trust has granted an indemnity in favour of ASBCT in respect of such commitments. This loan, shown in the Trust's balance sheet, is unsecured and interest free. On the formation of TKPLP, the loan from the Trust will be extinguished by being retained and applied by ASBCT towards the Trust's capital contribution to TKPLP.

23. AUDIT FEES

Audit fees expense in 2009 includes fees for 2008 and 2009.



**AUDIT REPORT
TO THE TRUSTEES OF
THE WAIKATO COMMUNITY TRUST INCORPORATED**

We have audited the financial statements of The Waikato Community Trust Incorporated. The financial statements provide information about the past financial performance of The Waikato Community Trust Incorporated and its financial position as at 31 March 2010. This information is stated in accordance with the accounting policies set out in note 1 of the financial statements.

Responsibilities

The Trustees are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which fairly reflect the financial position of The Waikato Community Trust Incorporated as at 31 March 2010 and the results of operations and cash flows for the year ended on that date.

Auditors' 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 Waikato Community Trust Incorporated'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 Waikato Community Trust Incorporated.

Unqualified Opinion

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

In our opinion the financial statements fairly reflect the financial position of The Waikato Community Trust Incorporated as at 31 March 2010 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 21 June 2010 and our unqualified opinion is expressed as at that date.

Chartered Accountants
Hamilton, New Zealand

This audit report relates to the financial statements of The Waikato Community Trust Incorporated for the year ended 31 March 2010 that have been published in the New Zealand Gazette. The New Zealand Gazette is required to publish hard copies of the audited financial statements and the related audit report to The Waikato Community Trust Incorporated for the year ended 31 March 2010, and to include an electronic version of the published New Zealand Gazette on the New Zealand Gazette's website. We have not been engaged to report on the integrity of the financial statements of The Waikato Community Trust Incorporated for the year ended 31 March 2010 that have been published in the New Zealand Gazette or presented on the New Zealand Gazette's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 21 June 2010 to confirm the information included in the audited financial statements published in the New Zealand Gazette or presented on the New Zealand Gazette's website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.