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THE COMMUNITY TRUST OF WELLINGTON

FINANCIAL STATEMENTS

PURSUANT TO SECTION 13 OF THE
COMMUNITY TRUSTS ACT 1999

Deloitte^{*}**AUDIT REPORT****TO THE TRUSTEES OF THE COMMUNITY TRUST OF WELLINGTON**

We have audited the financial statements on pages 2 to 15. The financial statements provide information about the past financial performance of The Community Trust of Wellington ('the Trust') and its financial position as at 31 March 2010. This information is stated in accordance with the accounting policies set out on pages 6 to 8.

Trustees' 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 Trust as at 31 March 2010 and the results of its operations for the year ended on that date.

Auditor's Responsibilities

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

Basis of Opinion

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

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

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

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

Unqualified Opinion

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

In our opinion the financial statements on pages 2 to 15 fairly reflect the financial position of Trust as at 31 March 2010 and the results of its operations for the year ended on that date.

Our audit was completed on 9 June 2010 and our unqualified opinion is expressed as at that date.



**CHARTERED ACCOUNTANTS
WELLINGTON, NEW ZEALAND**

THE COMMUNITY TRUST OF WELLINGTON

Statement of Comprehensive Income
For the Year Ended 31 March 2010

	Note	2010 \$	2009 \$
Revenue			
Investment Income	2	8,573,559	(5,590,452)
Interest Received		151,763	219,972
Donations Returned		15,500	1,427
Rental Income		140,122	142,421
Other Income		15,302	33,476
Total Operating Revenue		8,896,246	(5,193,156)
Less Expenses			
Donation Expenses		9,644	10,144
Finance Expenses		173	64
Fund Management Fees		278,167	288,461
Personnel Expenses	4	186,974	186,790
Trustee Expenses		4,574	11,718
Trustee Fees		49,950	52,835
Operating Costs	3	243,637	223,846
Other Expenses	5	10,877	10,929
Total Expenses		783,996	784,787
Profit/(Loss) Before Donations		8,112,250	(5,977,943)
Less			
Donations		732,081	1,184,252
Profit/(Loss) for the year		7,380,169	(7,162,195)
Other Comprehensive Income			
Other Comprehensive Income for the Year		-	-
Total Comprehensive Income for Year		7,380,169	(7,162,195)

THE COMMUNITY TRUST OF WELLINGTON

Statement of Changes in Equity
For the Year Ended 31 March 2010

	2010 \$	2009 \$
Equity at 1 April 2009	35,533,817	42,696,011
Total Comprehensive Income for the Year	7,380,169	(7,162,195)
Total Movements in Equity for the Year	<u>7,380,169</u>	<u>(7,162,195)</u>
Equity at 31 March 2010	<u>\$42,913,986</u>	<u>\$35,533,816</u>

THE COMMUNITY TRUST OF WELLINGTON

Balance Sheet

As at 31 March 2010

	Note	2010 \$	2009 \$
Current Assets			
Cash and Cash Equivalents		259,851	141,956
Held-to-Maturity Investments	8	2,432,945	1,500,000
Trade Receivables		24,005	23,244
Prepayments		4,870	4,400
Karori Wildlife Sanctuary Trust Inc	9	100,000	100,000
GST Refund Due		10,329	8,762
Investments at Fair Value through profit or loss	7	39,247,218	32,817,864
Total Current Assets		42,079,218	34,596,226
Current Liabilities			
Trade and Other Payables		120,893	113,646
Income in Advance		12,090	-
Total Current Liabilities		132,983	113,646
Working Capital		41,946,235	34,482,580
Non Current Assets			
Property, Plant & Equipment	6	8,916	10,249
Database Project - Loan Advance		17,848	-
Karori Wildlife Sanctuary Trust Inc	9	933,333	1,033,333
Combined Community Trust Database Project		7,654	7,654
Total Non Current Assets		967,751	1,051,236
Net Assets		42,913,986	35,533,816

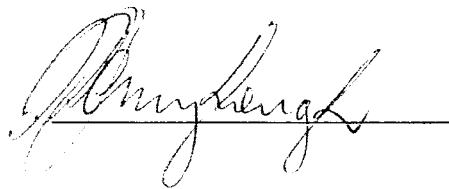
THE COMMUNITY TRUST OF WELLINGTON

Balance Sheet

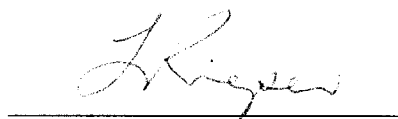
As at 31 March 2010

	Note	2010 \$	2009 \$
REPRESENTED BY:			
EQUITY			
Trust Equity Brought Forward		35,533,817	42,696,011
Total Comprehensive Income for the Year		7,380,169	(7,162,195)
Total Equity		<u>42,913,986</u>	<u>35,533,816</u>

For and on behalf of the Board of Trustees:



Chairperson



Trustee

9/6/2010 Date

THE COMMUNITY TRUST OF WELLINGTON

Notes to the Financial Statements For the Twelve Months Ended 31 March 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Basis of Preparation

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

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

Differential Reporting

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

Specific Accounting Policies

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

(a) Revenue

Rental revenue in relation to operating leases is recognised in the income statement on a straight-line basis over the lease term.

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

THE COMMUNITY TRUST OF WELLINGTON

Notes to the Financial Statements For the Twelve Months Ended 31 March 2010

(b) Income Tax

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

(c) Property, Plant & Equipment

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

(d) Depreciation

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

Furniture and Equipment	9.0% - 80.4 %
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(e) Investments including Investments in Managed Funds

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

(f) Financial Instruments

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

Held-to-Maturity Investments

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

Investments at Fair Value through profit or loss

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

THE COMMUNITY TRUST OF WELLINGTON

**Notes to the Financial Statements
For the Twelve Months Ended 31 March 2010**
Loans and Receivables

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

(g) Impairment

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

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

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

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

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

(h) Operating Leases

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

2. Investment Income

	2010 \$	2009 \$
Portfolio Income-Realised Revenue	4,572,372	(3,375,444)
Net Change in Fair Value of Financial Assets	4,001,187	(2,215,008)
Total Investment Income	<u><u>8,573,559</u></u>	<u><u>(5,590,452)</u></u>

THE COMMUNITY TRUST OF WELLINGTON

Notes to the Financial Statements
For the Twelve Months Ended 31 March 2010
3. Operating Costs

	2010	2009
	\$	\$
Accident Compensation Levy	876	922
Awards Projects	18,830	2,254
Bank Charges	440	84
Communication Expenses	5,087	7,908
Computer Expenses	9,273	1,549
Consultants/Contract Employees	24,416	24,004
Conventions & Seminars	702	1,200
Equipment Rental	4,207	5,885
Governance Costs	644	-
Insurance - Office	1,121	1,133
Insurance - Professional	4,614	2,903
Light & Power	4,056	1,889
Postage & Stationery	5,988	7,046
Printing	-	745
Professional Fees	1,194	480
Public Relations & Promotion	290	487
Rent	151,756	151,757
Repairs & Maintenance	-	1,769
Subscriptions	3,000	3,000
Telephone	4,196	5,395
Tenancy Expenses	972	2,093
Travel Expenses	1,977	1,343
Total Operating Costs	<u>243,637</u>	<u>223,846</u>

4. Personnel Expenses

	2010	2009
	\$	\$
Wages & Salaries	180,734	180,550
Other Staff Expenses	6,240	6,240
Total Personnel Expenses	<u>186,974</u>	<u>186,790</u>

5. Other Expenses

	2010	2009
	\$	\$
Auditor's Fees	7,500	7,500
Depreciation	3,377	3,429
Total Other Expenses	<u>10,877</u>	<u>10,929</u>

THE COMMUNITY TRUST OF WELLINGTON

**Notes to the Financial Statements
For the Twelve Months Ended 31 March 2010**
6. Property, Plant & Equipment

	2010	2009
	\$	\$
Opening Balance at Cost	39,279	38,685
Purchases	2,044	595
Less Accumulated Depreciation	32,407	29,031
Net Book Value	8,916	10,249
Depreciation Charge for the Year	3,377	3,429

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

	2010	2009
	\$	\$
International Equities - ING NZ Ltd	15,856,353	10,145,161
NZ Fixed Interest - ING NZ Ltd	-	2,753,494
Trans Tasman Equities - ING NZ Ltd	5,902,740	4,714,433
Trans Tasman Properties - Mint Asset Management Ltd	4,362,320	3,619,454
International Fixed Interest -Tower Asset Management	13,125,805	11,585,322
Total	39,247,218	32,817,864

THE COMMUNITY TRUST OF WELLINGTON

Notes to the Financial Statements
For the Twelve Months Ended 31 March 2010

8. Held-to-Maturity Investments

	2010 \$	2009 \$
ASB Term Deposit - 083	515,506	500,000
BNZ Term Deposit - 03034	-	100,000
BNZ Term Deposit - 03035	-	200,000
BNZ Term Deposit - 03036	-	700,000
BNZ Term Deposit - 03037	467,439	-
BNZ Term Deposit - 03038	600,000	-
BNZ Term Deposit - 03039	850,000	-
Total Held-to-Maturity Investments	2,432,945	1,500,000

ASB Bank 083
Maturity Date: 28 April 2010
Interest Rate: 4.65% p.a.
Current Balance: \$515,506.36

BNZ 03037
Maturity Date: 25 April 2010
Interest Rate: 4.60% p.a.
Current Balance: \$467,438.86

BNZ 03038
Maturity Date: 15 April 2010
Interest Rate: 4.80% p.a.
Current Balance: \$600,000.00

BNZ 03039
Maturity Date: 26 September 2010
Interest Rate: 4.90% p.a.
Current Balance: \$850,000.00

9. Loans and Receivables

	2010 \$	2009 \$
Karori Wildlife Sanctuary Trust Inc		
Current Portion	100,000	100,000
Term Portion	933,333	1,033,333
Total Karori Wildlife Sanctuary Trust Inc	1,033,333	1,133,333

The Loan is guaranteed by the Wellington City Council. The loan has a repayment term of 15 years which commenced on 1 August 2005. The interest rate is calculated against an agreed formula. The rate for the year under review was 6.7%- 8.42%.

THE COMMUNITY TRUST OF WELLINGTON

Notes to the Financial Statements For the Twelve Months Ended 31 March 2010

10. Financial Instruments

Significant accounting policies

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

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

Fair Value

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

Liquidity Risk

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

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

Credit Risk

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

	2010 \$	2009 \$
Cash	259,851	141,956
Short Term Deposits	2,432,945	1,500,000
Fixed Interest - Domestic	-	2,753,495
Fixed Interest - Offshore	13,125,805	11,585,322

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

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

During the September quarter, the ING (NZ) Limited Fixed Interest portfolio was closed, \$2.871 million was paid out into the 025 BNZ Oncall account, and of this amount \$1.8 million was invested into the ING (NZ) Limited International Equities portfolio.

THE COMMUNITY TRUST OF WELLINGTON

Notes to the Financial Statements

For the Twelve Months Ended 31 March 2010

Currency Risk

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

Interest Rate Risk

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

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

11. Contingent Liabilities

There are no contingent liabilities as at 31 March 2010 (2009:\$Nil).

THE COMMUNITY TRUST OF WELLINGTON

Notes to the Financial Statements
For the Twelve Months Ended 31 March 2010
12. Commitments**(a) Donations**

As at 31 March 2010 The Community Trust of Wellington had the following commitments:

	2010	2009
	\$	\$
Less than One Year	250,500	370,000
Between One and Five Years	200,000	470,000
	<u>450,500</u>	<u>840,000</u>

(b) Lease Commitments

Commitments existed for non cancellable operating leases as follows:

	2010	2009
	\$	\$
Less than One Year	154,924	154,924
Between One and Five Years	199,173	354,097
More than Five Years	-	-
	<u>354,097</u>	<u>509,021</u>

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

The total of future minimum sublease payments expected to be received under non-cancellable subleases as at 31 March 2010 is \$63,420.

(c) Capital Commitments

There are no capital commitments as at 31 March 2010 (2009:\$Nil).

THE COMMUNITY TRUST OF WELLINGTON

Notes to the Financial Statements

For the Twelve Months Ended 31 March 2010

13. Related Party Transactions

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

	2010 \$	2009 \$
<u>Frances Russell</u>		
NZ Affordable Art Trust	15,000	15,000

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

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

Richard Fernyhough

Gifted Children's Advancement Charitable Trust	10,000	-
Friends of Mana Island	5,000	-

Richard Fernyhough is a Trustee of the The Community Trust of Wellington. He is also a Trustee of the Gifted Children Advancement Charitable Trust as well as being a member of Friends of Mana Island. Richard also provided limited accounting assistance to the Changemakers Refugee Forum.

Karen Sagaga

Duke of Edinburgh's Hillary Award	3,500	-
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Karen Sagaga is a Trustee of the Community Trust of Wellington and is also a trustee of the Duke of Edinburgh's Hilary Award.

Karen Sagaga is also a Trustee of the Wainuiomata JEDI Trust. The Community Trust undertakes contract work for this trust.

14. Subsequent Events

No subsequent event has occurred since balance date that would materially impact the financial statements as at 31 March 2010.