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COMMUNITY TRUST OF SOUTHLAND

FINANCIAL STATEMENTS

PURSUANT TO SECTION 13 OF THE
COMMUNITY TRUSTS ACT 1999

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**THE COMMUNITY TRUST OF SOUTHLAND
TRUSTEE'S RESPONSIBILITY STATEMENT**

The Trustees of The Community Trust of Southland ("the Trust") are pleased to present the financial statements for the year ended 31 March, 2009.

The Trustees are responsible for presenting financial statements in accordance with New Zealand law and generally accepted accounting practice, which give a true and fair view of the financial position of the Trust and Group as at 31 March, 2009 and the results of their operations and cash flows for the year ended on that date.

The Trustees consider the financial statements of the Trust have been prepared using accounting policies which have been consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.


The Trustees believe that proper accounting records have been kept which enable with reasonable accuracy, the determination of the financial position of the Trust and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Trustees consider that they have taken adequate steps to safeguard the assets of the Trust, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

The Financial Statements are signed on behalf of the Board by:


Trustee

19 / 08 / 09



Trustee

21 / 08 / 09



THE COMMUNITY TRUST OF SOUTHLAND
STATEMENT OF FINANCIAL PERFORMANCE
For the Year Ended 31 March, 2009

	Notes	Group 2009 \$000	Group 2008 \$000	Parent 2009 \$000	Parent 2008 \$000
Investment Income:					
Dividends		2,602	4,909	2,574	4,886
Interest	1	4,588	4,969	3,808	4,107
Gains/(losses) from change in fair value of managed funds		(20,609)	(13,807)	(20,475)	(13,826)
Gains/(losses) from change in fair value of other investments recognised at FVTPL		(77)	-	-	-
		-----	-----	-----	-----
		(13,496)	(3,929)	(14,093)	(4,833)
Share of Associates Earnings		(68)	87	-	-
Gains/(loss) on revaluation of property, plant and equipment		(8)	40	(8)	40
Other income		80	-	-	-
Expenses:					
Depreciation		58	52	49	50
Fund managers fees		681	800	681	800
Trustees fees	20	196	182	196	182
Directors fees		65	60	-	-
Employee entitlements		565	510	398	356
Administration expenses	2	756	488	658	462
Impairment provision on investments carried at amortised cost		500	-	-	-
		-----	-----	-----	-----
Operating deficit before grants		(16,313)	(5,894)	(16,083)	(6,643)
Grants	3	7,617	8,177	7,617	8,177
		-----	-----	-----	-----
Net deficit before taxation		(23,930)	(14,071)	(23,700)	(14,820)
Taxation expense	4	159	162	-	-
		-----	-----	-----	-----
Net deficit after taxation		\$(24,089)	\$(14,233)	\$(23,700)	\$(14,820)
		-----	-----	-----	-----

THE COMMUNITY TRUST OF SOUTHLAND
STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 March, 2009

Group	Trust Capital	Unspent Grants Budget Reserve	Capital Maintenance Reserve	Grants Maintenance Reserve	Other	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 April, 2007	158,460	-	17,818	15,022	-	191,301
Net surplus/(deficit) after taxation	-	-	-	-	(14,233)	(14,233)
Revaluation of land/buildings	-	-	-	-	84	84
Transfer to/(from) reserves	-	-	6,729	(20,877)	14,149	-
	-----	-----	-----	-----	-----	-----
Balance at 31 March, 2008	158,460	\$Nil	24,547	\$(5,855)	\$Nil	\$177,152
	-----	-----	-----	-----	-----	-----
Net surplus/(deficit) after taxation	-	-	-	-	(24,089)	(24,089)
Revaluation of land/buildings	-	-	-	-	-	-
Transfer to/(from) reserves	-	570	5,935	(30,593)	24,089	-
	-----	-----	-----	-----	-----	-----
Balance at 31 March, 2009	\$158,460	\$570	\$30,482	\$(36,448)	\$Nil	\$153,063
	-----	-----	-----	-----	-----	-----
Parent						
Balance at 1 April, 2007	158,460	-	42,859	(8,825)	-	192,494
Net deficit after taxation	-	-	-	-	(14,820)	(14,820)
Revaluation of land/buildings	-	-	-	-	84	84
Transfer to/(from) reserves	-	-	6,729	(21,465)	14,736	-
	-----	-----	-----	-----	-----	-----
Balance at 31 March, 2008	158,460	\$Nil	49,588	(30,290)	\$Nil	177,758
	-----	-----	-----	-----	-----	-----
Net deficit after taxation	-	-	-	-	(23,700)	(23,700)
Revaluation of land/buildings	-	-	-	-	-	-
Transfer to/(from) reserves	-	570	5,935	(30,205)	23,700	-
	-----	-----	-----	-----	-----	-----
Balance at 31 March, 2009	\$158,460	\$570	\$55,523	\$(60,495)	\$Nil	\$154,058
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THE COMMUNITY TRUST OF SOUTHLAND
STATEMENT OF FINANCIAL POSITION
As At 31 March, 2009

		Group		Parent	
	Notes	2009	2008	2009	2008
		\$000	\$000	\$000	\$000
Current Assets					
Cash and cash equivalents		891	1,071	390	1
Accounts receivable		204	819	44	734
Prepayments		7	-	7	-
Taxation refund due		-	2	-	-
		-----	-----	-----	-----
Total current assets		1,102	1,892	441	735
Non-Current Assets					
Investment in Managed Funds	10	155,125	180,803	155,125	180,803
Investment in Associates	12	406	494	-	-
Investment in Subsidiary	13	-	-	8,248	8,248
Investments Other					
- Investments in listed equities	9	283	424	-	-
- Investments in un-listed equities	9	394	116	-	-
- Advances to third parties	9	3,911	3,929	-	-
- Short term deposits	9	1,901	1,652	189	49
Trust advances	11	1,768	1,669	1,768	1,669
Property, plant and equipment	14	1,018	1,014	997	1,013
Database development	8	31	5	31	5
		-----	-----	-----	-----
Total non-current assets		164,837	190,106	166,358	191,787
		-----	-----	-----	-----
Total assets		165,939	191,998	166,799	192,522
Current Liabilities					
Accounts payable		423	302	289	220
Grants committed not paid	7	11,598	13,020	11,598	13,020
		-----	-----	-----	-----
		12,021	13,322	11,887	13,240
Non-current Liabilities					
Grants committed not paid	7	854	1,524	854	1,524
		-----	-----	-----	-----
Total liabilities		12,875	14,846	12,741	14,764
		-----	-----	-----	-----
NET ASSETS		\$153,064	\$177,152	\$154,058	\$177,758
		-----	-----	-----	-----
Funds Employed					
Trust capital	5	158,460	158,460	158,460	158,460
Reserves	6	(5,396)	18,692	(4,402)	19,298
		-----	-----	-----	-----
TOTAL FUNDS EMPLOYED		\$153,064	\$177,152	\$154,058	\$177,758
		-----	-----	-----	-----

THE COMMUNITY TRUST OF SOUTHLAND
STATEMENT OF CASHFLOWS
For the Year Ended 31 March, 2009

	Notes	2009 \$000	Group 2008 \$000	2009 \$000	Parent 2008 \$000
Cashflows from Operating Activities					
Cash was provided from (applied to):					
Interest and dividends		7,885	10,004	7,071	9,112
Other expenses		(2,314)	(2,206)	(1,880)	(1,796)
Grants paid		(9,709)	(6,681)	(9,709)	(6,681)
		-----	-----	-----	-----
Net cash in (out) flows from Operating Activities	16	(4,138)	1,117	(4,518)	635
		-----	-----	-----	-----
Cashflows from Investment Activities					
Cash was provided from (applied to):					
Managed Funds		5,203	(673)	5,203	(693)
Investment in Associates		20	111	-	-
Investments in listed equities		(323)	26	-	-
Investments in unlisted equities		(25)	(90)	-	-
Advances to third parties		(482)	1,372	-	-
Short term deposits		(249)	(968)	(140)	86
Trust advances		(99)	(28)	(99)	(28)
Property, plant and equipment		(87)	(2)	(57)	(2)
		-----	-----	-----	-----
Net cash in (out) from Investing Activities		3,958	(252)	4,907	(637)
		-----	-----	-----	-----
Cashflows from Financing					
Cash was provided from (applied to):					
		-	-	-	-
		-----	-----	-----	-----
Net cash in (out) from Financing Activities		-	-	-	-
		-----	-----	-----	-----
Net Increase/(decrease) in Cash held		(180)	865	389	(2)
Add cash at beginning of year		1,071	206	1	3
		-----	-----	-----	-----
Total Cash Balance at End of Year		\$891	\$1,071	\$390	\$1
		-----	-----	-----	-----

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March, 2009

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The Community Trust of Southland was formed under the Trustee Banks Restructuring Act 1988 and is incorporated under the Charitable Trusts Act 1957. The financial statements represented are those for the Community Trust of Southland group ("Group"). The Group consists of The Community Trust of Southland ("Trust"), its wholly owned subsidiary companies and the Trust's interest in associates.

The financial statements comply with the Financial Reporting Act 1993 and the Community Trusts Act 1999.

Statement of Compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). 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 financial assets which are stated at their fair value.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 March, 2009, and the comparative information presented in these financial statements for the year ended 31 March, 2008.

Critical Accounting Estimates & Judgements

In the application of NZ IFRS management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 to these estimates.

The 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 if the revisions affects only that period or in the period of the revision and future periods of the revision affects both current and future periods.

The following are the critical judgements and key sources of estimate uncertainty:

- Assessing fair value of Investments held at fair value through profit or loss
- Assessing impairment of Investments held at amortised cost.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Trust and entities controlled by the Trust (its subsidiaries). Control is achieved where the Trust has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Group Statement of Financial Performance from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March, 2009

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under NZ IFRS-3 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with NZ IFRS-5 *Assets held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Investments in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but where there is no control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with NZ IFRS-5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March, 2009

Property, Plant & Equipment

Property, Plant and Equipment are stated at cost, less accumulated depreciation, less accumulated impairment losses, less accumulated devaluations and plus accumulated revaluations.

Depreciation is charged so as to write off the cost or valuation of assets, other than freehold land, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Land and buildings are measured at fair value. Fair value is determined on the basis of an annual independent valuation prepared by external valuation experts, based on a discounted cash flows or capitalisation of net income approach. The fair values are recognised in the financial statements of the Trust, and are reviewed at the end of each reporting period to ensure the carrying value of land and buildings is not materially different from their fair values.

Any revaluation increase arising on the revaluation of land and buildings is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increased is credited to the Statement of Financial Performance to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of land and buildings is charged as an expense in profit or loss to the extent it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of the asset.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale of the revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

Revenue Recognition

Dividend & 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.

Financial Assets & Liabilities

Investments

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 time frame established by the market concerned, and are recognised at fair value through profit or loss.

Financial Assets

Financial assets are classified into the following specified categories financial assets "at fair value through profit or loss" (or "FVTPL"), "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.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March, 2009

Financial Assets at Fair Value through Profit or Loss

The Trust classifies its Managed Funds and Investments in listed and unlisted equities 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.

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 Managed Funds 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 Managed Funds 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 Financial Performance. 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 Financial Performance in the period in which they arise. Interest income from financial assets at fair value through profit or loss is recognised in the Income Statement 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 Financial Performance within dividend income when the Trust's right to receive payments is established.

Loans & Receivables

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Accounts receivable, Advances to third parties, Short Term Deposits and Trust Advances 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.

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 carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of Accounts Receivable 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.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March, 2009

Other Financial Liabilities

Other liabilities include Accounts Payable and Grants committed not paid.

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.

Currency Translation

Functional & 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 Group's functional and presentation currency, rounded to the nearest dollar.

Transactions & 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 Financial Performance.

Standards and Interpretations in Issue Not Yet Adopted

At the date of the financial report, a number of standards and interpretations were in issue but not yet effective.

Initial application of these standards and interpretations is not expected to affect any of the amounts recognised in the financial report, but may change the presentation and disclosures presently made in relation to the Group's financial report. They will be adopted in the period in which they become mandatory.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March, 2009

1. INTEREST

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Short term deposits	171	124	27	14
Managed funds	3,695	4,058	3,695	4,058
Advances to third parties	636	752	-	-
Trust advances	86	35	86	35
	-----	-----	-----	-----
	\$4,588	\$4,969	\$3,808	\$4,107
	-----	-----	-----	-----

2. ADMINISTRATION EXPENSES

Included in Administration Expenses are the following:

Auditors fees:

Audit fees paid or payable to the auditors of the Trust are as follows:

Audit of the financial statements	36	28	32	22
	-----	-----	-----	-----
	\$36	\$28	\$32	\$22
	-----	-----	-----	-----

The auditor of the Group is Deloitte.

3. GRANTS

Committed and payable in the current year	6,770	6,861	6,770	6,861
Committed and not payable until future years	127	841	127	841
Grants previously recognised as loans (i)	720	475	720	475
	-----	-----	-----	-----
	\$7,617	\$8,177	\$7,617	\$8,177
	-----	-----	-----	-----

(i) During the year the Trustees agreed to an \$800,000 loan previously advanced to the Southland Indoor Leisure Centre Charitable Trust being written off, at the rate of \$80,000 per annum for each of the next 10 years. This principal write-off, together with a cash grant of \$80,000 per annum, and forgiveness of the interest that can be charged on the loan under the terms of the loan agreement with the Southland Indoor Leisure Centre Charitable Trust, makes up the Trust's agreed annual funding contribution to Stadium Southland. This arrangement means that certain conditional elements of the lending arrangement are unlikely to be invoked and as such the Trust does not expect to recover the amount loaned. As such the outstanding balance on the loan has been recognised as a grant in the current year.

(ii) During the year the Trustees resolved that any unspent portion of the approved Grants budget for the year that remained unspent at year end would be carried forward in an "Unspent Grants Reserve", available to be spent in future years.

4. TAXATION

Taxation expense of \$159,000 (2008: \$162,000) and the taxation refund due of \$2,000 (2008 \$Nil) relates to the subsidiary entities.

The Community Trust of Southland is exempt from income tax with effect from 1 April, 2004.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March, 2009

5. TRUST CAPITAL

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Opening and closing balance	158,460	158,460	158,460	158,460
	-----	-----	-----	-----
	\$158,460	\$158,460	\$158,460	\$158,460
	-----	-----	-----	-----

6. RESERVES

Capital Maintenance Reserve (i)	30,482	24,547	55,523	49,588
Grants Maintenance Reserve (ii)	(36,448)	(5,855)	(60,495)	(30,290)
Unspent Grants Budget Reserve (iii)	570	-	570	-
	-----	-----	-----	-----
	\$(5,396)	\$18,692	\$(4,402)	\$19,298
	-----	-----	-----	-----

7. GRANTS COMMITTED NOT PAID

Commitments of \$12,452,000 (2008: \$14,544,000) exist for grants which will be distributed from either capital or future income sources in future years.

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Balance at 1 April, 2008	14,544	13,216	14,544	13,216
Grants approved in current year	7,349	9,573	7,349	9,573
Grants paid in current year	(8,859)	(8,118)	(8,859)	(8,118)
Grants withdrawn	(744)	(127)	(744)	(127)
Change in present value	162	-	162	-
	-----	-----	-----	-----
	\$12,452	\$14,544	\$12,452	\$14,544
	-----	-----	-----	-----

The years in which these commitments fall due are as follows:

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Year ending 31 March, 2009	-	13,020	-	13,020
Year ending 31 March, 2010	11,598	861	11,598	861
Year ending 31 March, 2011	657	554	657	554
Year ending 31 March, 2012	157	109	157	109
Year ending 31 March, 2013	20	-	20	-
Year ending 31 March, 2014	20	-	20	-
	-----	-----	-----	-----
	\$12,452	\$14,544	\$12,452	\$14,544
	-----	-----	-----	-----

All grants committed but not paid at balance date are initially recognised at committed value, but are then adjusted to reflect their fair value in present day dollar terms. This adjustment is achieved by discounting the future grants payable at a rate of 3.00% per annum, for each of the years from balance date until the date the grant is due to be paid.

8. DATABASE DEVELOPMENT

The combined Community Trusts throughout New Zealand are jointly developing a shared database, to be used across all of the 12 Community Trusts. Database Development costs are the Group's share of the preliminary costs incurred on this joint project until 31 March 2009.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March, 2009

9. INVESTMENTS OTHER

		Group		Parent	
	Interest Rate	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Investment in listed entities					
Perpetual Preference Shares					
- South Canterbury Finance	9.42%	210	344	-	-
Pacific Edge Biotechnology Limited		73	80	-	-
		-----	-----	-----	-----
		\$283	\$424	\$Nil	\$Nil
		-----	-----	-----	-----
Investments in un-listed entities					
Areograph Limited		219	91	-	-
IZON Limited		150	-	-	-
Redeemable preference shares					
- Back Country Foods Limited		25	25	-	-
		-----	-----	-----	-----
		\$394	\$116	\$Nil	\$Nil
		-----	-----	-----	-----
Advances to third parties					
Less impairment provision		4,411	3,929	-	-
		(500)	-	-	-
		-----	-----	-----	-----
		\$3,911	\$3,929	\$Nil	\$Nil
		-----	-----	-----	-----

Advances to third parties are at interest rates between 11.85% and 13.50%.

		Group		Parent	
	Interest Rate	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Short term deposits					
Westpac on call	3.00%	189	49	189	49
SBS	3.50%	599	742	-	-
National Bank	4.00%	1,113	861	-	-
		-----	-----	-----	-----
		\$1,901	\$1,652	\$189	\$49
		-----	-----	-----	-----

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March, 2009

10. MANAGED FUNDS

The Group has funds with six investment managers (Fund Managers) as follows:

- Alliance Bernstein
- AMP Capital Investors
- Capital International
- First New Zealand Capital
- Pacific Investment Management Company (PIMCO)
- Tyndall Investment Management

During the year PIMCO replaced Tower Asset Management as fund manager for overseas fixed interest securities.

The fair value of the Managed Funds investments as at balance date was as follows:

Group & Parent	Alliance Bernstein \$000	AMP Capital \$000	Capital International \$000	First NZ Capital \$000	PIMCO \$000	Tyndall Investment \$000	Total \$000
Australasian Equities		13,462		13,962			27,424
Overseas Equities	12,962		11,658				24,620
NZ Fixed Interest						39,878	39,878
Overseas Fixed Interest					50,108		50,108
Property Equities				4,787			4,787
Foreign Exchange contracts	-	-	-	-	-	(432)	(432)
Cash						8,740	8,740
Total	<u>\$12,962</u>	<u>\$13,462</u>	<u>\$11,658</u>	<u>\$18,749</u>	<u>\$50,108</u>	<u>\$48,186</u>	<u>\$155,125</u>

The fair value of the Managed Funds investments as at 31 March 2008 was as follows:

Group & Parent	Alliance Bernstein \$000	AMP Capital \$000	Capital International \$000	First NZ Capital \$000	Tower Asset Management \$000	Tyndall Investment \$000	Total \$000
Australasian Equities		16,549		18,277			34,826
Overseas Equities	18,572		13,875				32,447
NZ Fixed Interest		24,943					24,943
Overseas Fixed Interest					54,892		54,892
Property Equities				7,090			7,090
Foreign Exchange contracts	-	6	-	-	-	-	6
Cash		26,599					26,599
Total	<u>\$18,572</u>	<u>\$68,097</u>	<u>\$13,875</u>	<u>\$25,367</u>	<u>\$54,892</u>	<u>\$Nil</u>	<u>\$180,803</u>

Exposure to currency, interest rate and credit risk arises in the normal course of the fund managers management of the Managed Funds. A range of hedging policies are in place whereby the fund managers use derivative financial instruments as a means of managing exposure to fluctuations in foreign exchange rates and interest rates. While these financial instruments are subject to the risk of market rates changing subsequent to acquisition, such changes would generally be offset by opposite effects and the items being hedged.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March, 2009

11. TRUST ADVANCES

Loan balances outstanding at 31 March, 2009 were as follows:

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Bluff Healthy Homes	10	32	10	32
Southland Outdoor Stadium Trust	750	-	750	-
Southland Rural Fire Authority	40	50	40	50
Invercargill Artificial Sport Surface Trust	97	97	97	97
Northern Southland Medical Trust	50	50	50	50
Otautau Community Health Trust	15	18	15	18
Troopers Memorial Corner Charitable Trust - Yule House	150	160	150	160
Arrowtown Community Pre-School	-	9	-	9
Wyndham Rest Home	100	100	100	100
Edendale Vintage Machinery Club	80	-	80	-
Borland Lodge (i)	376	353	376	353
Southland Indoor Leisure Centre Charitable Trust (ii)	-	800	-	800
Arrowtown Trust	100	-	100	-
	-----	-----	-----	-----
	\$1,768	\$1,669	\$1,768	\$1,669
	-----	-----	-----	-----

All loans are repayable on demand. Loans are interest free with the exception of the loans to:

- (i) Borland Lodge which incurs interest at a fixed rate of 6.5%.
- (ii) Southland Indoor Leisure Centre Charitable Trust which incurs interest at the 90 day bank bill rate. Under the terms of an agreement with the Southland Indoor Leisure Centre Charitable Trust, the loan will be forgiven over the next 10 years. There is therefore no likelihood of the loan being required to be repaid, and as such Trustees have reclassified the loan to grants paid. Refer Note 3.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March, 2009

12. INVESTMENT IN ASSOCIATES

Name	Percentage Held	Balance Date	Principal Activity
Back Country Foods Limited	42%	31 March	Freeze dried food maker
Tulip International Limited	33%	31 May	Tulip grower
Bush Road Limited	30%	31 March	Vegetable processor
Woodlands Apiary Limited (In Receivership)	49%	31 December	Honey producer

Group

	2009	2008
	\$000	\$000
Carrying amount of associates:		
Carrying amount at beginning of year	494	517
Equity accounted earnings of associates	(68)	87
Addition/(Disposal) of associates	-	(110)
Dividends received from associates	(20)	-
Reclassification of associates	-	-
	-----	-----
	\$406	\$494
	-----	-----

13. INVESTMENT IN SUBSIDIARIES

Subsidiaries	Percentage Held	Balance Date	Principal Activity
Southland Community Trust Charities Limited	100%	31 March	Distribution of grants to charitable organisations
Invest South Limited	100%	31 March	Debt funding and equity investments
Invest South Asset Management Limited	100%	31 March	Asset Management

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March, 2009

14. PROPERTY, PLANT & EQUIPMENT

	Land	Buildings	Office Equipment	Furniture & Fittings	Motor Vehicles	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Group						
Cost and Revaluations at 1 April, 2007	240	774	237	158	116	1,525
Additions/Revaluations	40	84	9	-	-	133
Disposals/Revaluations	-	-	-	-	(31)	(31)
Cost or Valuations at 31 March, 2008	280	858	246	158	85	1,627
Additions/Revaluations	20	-	22	5	73	120
Disposals/Revaluations	-	(28)	(4)	-	(54)	(86)
Cost or Valuations at 31 March, 2009	300	830	264	163	104	1,661
Accumulated depreciation at 1 April, 2007	-	194	189	147	59	589
Depreciation	-	19	12	3	18	52
Disposals	-	-	-	-	(28)	(28)
Accumulated depreciation at 31 March, 2008	-	213	201	150	49	613
Depreciation	-	17	14	2	25	58
Disposals	-	-	-	-	(28)	(28)
Accumulated depreciation at 31 March, 2009	-	230	215	152	46	643
Net book value 31 March, 2008	\$280	\$645	\$45	\$8	\$36	\$1,014
Net book value 31 March, 2009	\$300	\$600	\$49	\$11	\$58	\$1,018
Parent						
Cost and Revaluations at 1 April, 2007	240	774	220	154	116	1,504
Additions/Revaluations	40	84	9	-	-	133
Disposals/Revaluations	-	-	-	-	(31)	(31)
Cost or Valuations at 31 March, 2008	280	858	229	154	85	1,606
Additions/Revaluations	20	-	9	5	45	79
Disposals/Revaluations	-	(28)	-	-	(54)	(82)
Cost or Valuations at 31 March, 2009	300	830	238	159	76	1,603
Accumulated depreciation at 1 April, 2007	-	194	173	145	59	571
Depreciation	-	19	11	2	18	50
Disposals	-	-	-	-	(28)	(28)
Accumulated depreciation at 31 March, 2008	-	213	184	147	49	593
Depreciation	-	17	14	2	16	49
Disposals	-	-	-	-	(36)	(36)
Accumulated depreciation at 31 March, 2009	-	230	198	149	29	606
Net book value 31 March, 2008	\$280	\$645	\$45	\$7	\$36	\$1,013
Net book value 31 March, 2009	\$300	\$600	\$40	\$10	\$47	\$997

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March, 2009

15. CAPITAL COMMITMENTS

Commitments of up to \$600,000 (2008: \$4,568,000) exist for Trust Advances which Trustees have approved, but which had not been drawn down as at balance date. The approved advances are as follows:

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
South Catlins Environment and Development Trust	600	600	600	600
Living Fiordland Charitable Trust	-	3,700	-	3,700
Bluff Healthy Homes	-	168	-	168
Arrowtown Trust	-	100	-	100
	-----	-----	-----	-----
	\$600	\$4,568	\$600	\$4,568
	-----	-----	-----	-----

A commitment of \$115,000 has been made as the Community Trust of Southland's commitment to a combined Community Trusts' national database project.

16. RECONCILIATION WITH OPERATING SURPLUS

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Net surplus/(deficit) after taxation	(24,089)	(14,233)	(23,700)	(14,820)
Add (less) movement in working capital				
Increase/(decrease) in accounts payable and grants committed not paid	(1,971)	1,171	(2,023)	1,175
(Increase)/decrease in accounts receivable	611	(136)	682	(141)
	-----	-----	-----	-----
	\$(1,360)	\$1,035	\$(1,341)	\$1,034
	-----	-----	-----	-----
Add (less) movement in non-cash items				
Gains/(losses) from change in fair value investments	20,609	13,806	20,475	13,826
Depreciation	49	48	50	47
Other	7	(37)	(580)	(37)
Revaluation of property, plant and equipment	8	(40)	8	(40)
Share of associate's earnings	68	(87)	-	-
Movement in NPV of loans	169	150	169	150
	-----	-----	-----	-----
	\$20,910	\$13,840	\$20,122	\$13,946
	-----	-----	-----	-----
Add (less) items classified as investing/financing activities				
Loan repayment by way of grant approval	401	475	401	475
	-----	-----	-----	-----
Net cash provided from operating activities	\$(4,138)	\$1,117	\$(4,518)	\$635
	-----	-----	-----	-----

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March, 2009

17. KEY MANAGEMENT PERSONNEL

The compensation of the Executives, being the key management personnel is set out below:

	Group		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Short term employee benefits	330	303	163	149
	-----	-----	-----	-----
	\$330	\$303	\$163	\$149
	-----	-----	-----	-----

18. FINANCIAL INSTRUMENTS

Financial Risk Management

The Trust's activities expose it to a variety of financial risks including market risk (including fair value interest rate risk, cash flow interest rate risk, currency 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 measures the Trustees have put in place to manage these risks are:

- to retain an investment advisor to advise the Trust as to appropriate investment objectives, policies, and strategies
- to use external Fund Managers to undertake the management of the investments
- to operate a widely diversified portfolio of investments

Fair Value Interest Rate Risk

Fair value interest rate risk is the risk that the fair 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 fixed rate cash at bank and fixed rate cash deposits with fund managers.

Cash Flow Interest Rate Risk

Cash flow interest rate risk is the risk that the cash flows from a variable rate 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.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March, 2009

18. FINANCIAL INSTRUMENTS (Cont.)

Currency Risk

Currency risk is the risk that the value of a foreign currency denominated 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.

Equity Price Risk

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

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.

The Group from time to time has significant funds in trading bank deposits. The Group limits risk by spreading the deposits over several trading banks. The Group has not required collateral or other security to support its financial instruments. The Group further limits risk through its policy of placing Managed Funds with six separate fund managers, with each fund manager having an investment mandate which requires that they diversify their instruments on the Group's behalf. The Group has sought and obtained the advice of professional financial advisers prior to making its investment allocations and placement decisions.

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 collectively provide liquidity equivalent to an average level of two years' grant distributions allowing for expected interest income.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March, 2009

18. FINANCIAL INSTRUMENTS (Cont.)

Capital Risk Management

The Group'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 Trust capital and reserves. The Trustees review the Trust funds and risks associated with the Trust funds, with advice and guidance from the Trust's investment advisor.

Following the sale of the Group's shares in Trust Bank New Zealand Limited in April 1996 for \$158,460,000, 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 region. For this purpose the Trustees agreed that \$158,460,000 would be considered as the "Trust Capital" value of the Group. Trustees further agreed that over the long term the net assets of the Group would not be allowed to reduce to a level below the inflation-adjusted real value of this Trust Capital.

The Trustees have adopted an investment strategy with a targeted long term real annual rate of return of 5.5% (2007: 5.4%) 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 grants policy is to distribute annually as grants an amount equivalent to \$8.5 million in 2007 dollar terms, inflation-adjusted each year thereafter. This amount has been calculated based on the Trustees' long term investment expectations, together with the objective of maintaining the capital value of the fund 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 grants distributed and the actual target.

The Trust uses the services of an investment advisor to pursue an investment policy considered appropriate for the Trust. The Policy aims to achieve a long term asset allocation of:

Australasian Equities	20%
Overseas Equities	20%
New Zealand Fixed Interest	20%
Overseas Fixed Interest	25%
Property	10%
New Zealand Cash	5%

	100%

Capital Maintenance Reserve

The Capital Maintenance Reserve represents the additional amount necessary to preserve the real value of the Trust Capital allowing for inflation as measured by the Consumers Price Index (all groups), and payments of grants out of capital.

Grants Maintenance Reserve

While the Trustees have adopted a long-term investment strategy, they accept that annual returns from investments are likely to fluctuate from year to year. In recognition of this a Grants Maintenance Reserve is maintained. In years when net income from investments is higher than the grant levels, surplus income will be transferred to this reserve. In years when there is insufficient income to sustain the level of grants, an appropriate amount will be transferred from the Grants Maintenance Reserve to income.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March, 2009

18. FINANCIAL INSTRUMENTS (Cont.)

The following table details the Group's sensitivity to certain risks as follows:

- Interest rate risk +/- movement in interest rates of 100 basis points
- Foreign exchange +/- movement in foreign exchange rates of 10%
- Equity price risk +/- in equity prices of 10%

31 March 2009	Interest Rate Risk		Foreign Exchange Risk		Equity Price Risk	
	-1%	+1%	-10%	+10%	-10%	+10%
Net Surplus/(Deficit)	\$4,096	\$(4,096)	\$3,904	\$(3,194)	\$(5,783)	\$5,783
Total Funds Employed	\$4,096	\$(4,096)	\$3,904	\$(3,194)	\$(5,783)	\$5,783

31 March 2008	Interest Rate Risk		Foreign Exchange Risk		Equity Price Risk	
	-1%	+1%	-10%	+10%	-10%	+10%
Net Surplus/(Deficit)	\$3,596	\$(3,596)	\$5,362	\$(4,387)	\$(7,495)	\$7,495
Total Funds Employed	\$3,596	\$(3,596)	\$5,362	\$(4,387)	\$(7,495)	\$7,495

The above sensitivity analysis has been prepared based on the following assumptions:

1. The assets and liabilities as at year end remain the same throughout the ensuing year.
2. Each of the sensitivities is performed in isolation.
3. For the purposes of assessing foreign exchange risk, it has been assumed that the offshore equity investments held by the Trust are domiciled in the following currencies:

US\$	50%
Euros	30%
Yen	20%

The Trust's offshore fixed interest investments are fully hedged, and therefore no foreign exchange risk exists in respect of those investments.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March, 2009

18. FINANCIAL INSTRUMENTS (Cont.)

Liquidity & Interest Risk tables - Financial Liabilities

The following tables detail the Group's remaining undiscounted contractual maturity for its 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
2009					
Accounts payable	423	-	-	-	423
Grants committed not paid	11,596	677	167	45	12,485
	<u>\$12,019</u>	<u>\$677</u>	<u>\$167</u>	<u>\$45</u>	<u>\$12,908</u>
2008					
Accounts payable	302	-	-	-	302
Grants committed not paid	13,019	932	649	139	14,739
	<u>\$13,321</u>	<u>\$932</u>	<u>\$649</u>	<u>\$139</u>	<u>\$15,041</u>

19. RELATED PARTY TRANSACTIONS

Transactions with Key Management Personnel

Key management declared interests in relation to organisations that received grants totalling \$65,887 (2008: \$174,562) during the year. Interests were declared when these grants 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.

Transactions with Trustees

Trustees declared interests in relation to organisations that received grants totalling \$2,616,229 (2008: \$1,568,542) during the year. Interests were declared when these grants 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.

THE COMMUNITY TRUST OF SOUTHLAND
NOTES TO & FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 31 March, 2009

20. TRUSTEE FEES

Trustee meeting fees and honorariums are set by the Minister of Finance, and were paid to Trustees as follows:

	Meetings Attended	Fees 2009 \$000	Fees 2008 \$000
Tracy Hicks	40	25	16
Alison Broad	23	24	36
Peter Redpath	28	19	19
Wayne Harpur	33	19	17
Raewynne Evans	37	19	8
Neil Wyeth	33	18	19
Dion Williams (retired 30 June 2007)	-	0	3
Martin Hawes (retired 31 May 2007)	-	0	2
Kathie Henderson (retired 31 May 2007)	-	0	1
Gwen Neave (retired 31 May 2007)	-	0	2
Trish Lindsay	39	20	16
Joan Kiernan	36	17	13
Craig Robins	30	16	14
Linette Sinclair	38	19	16
		-----	-----
		\$196	\$182
		-----	-----

21. EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to balance date a rally in New Zealand and international securities markets has resulted in the fair value of the Trust's investments increasing by approximately \$15million as at 31 July 2009.

A list of all distributions of income and capital approved by The Community Trust of Southland during the year ended 31 March 2009 is available, on request, from the trust's office.

**AUDIT REPORT****TO THE TRUSTEES OF THE COMMUNITY TRUST OF SOUTHLAND**

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 Community Trust of Southland and group as at 31 March, 2009. This information is stated in accordance with the accounting policies set out on pages 7 to 11.

Board of Trustees' Responsibilities

The Board of Trustees is responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of the Community Trust of Southland and group as at 31 March, 2009 and of 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 Board of 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 Board of Trustees in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the Trust and group 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 Community Trust of Southland or any of its subsidiaries.

Unqualified Opinion

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

In our opinion:

- proper accounting records have been kept by the Community Trust of Southland 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 Community Trust of Southland and group as at 31 March, 2009 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 21 August, 2009 and our unqualified opinion is expressed as at that date.

Chartered Accountants
DUNEDIN, NEW ZEALAND