



# New Zealand Gazette

OF THURSDAY, 30 JULY 2009

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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 2009**

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**THE WAIKATO COMMUNITY TRUST INCORPORATED****DIRECTORY****For the year ended 31 March 2009**

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<b>PRINCIPAL ACTIVITY:</b>	Investment
<b>TRUSTEES:</b>	Anderson, Josie Astle, Dennis Baddeley, Clint Cave, Christine ( <i>to May 2008</i> ) Doube, Bernadette Hosking, Bruce ( <i>Investment Committee Chair</i> ) Karalus, Peta Kilbride, John ( <i>Chair</i> ) Law, Michael McConnell, Angus Moxon, Tureiti ( <i>Deputy Chair</i> ) Muru, Judith Purnell, Max Tan, Fee-Ching Yates, Dianne ( <i>from June 2008</i> )
<b>CHIEF EXECUTIVE:</b>	Bev Gatenby
<b>SECRETARY:</b>	Geoff Balme
<b>ACCOUNTANTS:</b>	PricewaterhouseCoopers Hamilton
<b>AUDITORS:</b>	Deloitte Hamilton
<b>BANKERS:</b>	Westpac Limited Hamilton

**THE WAIKATO COMMUNITY TRUST INCORPORATED****INCOME STATEMENT****For the year ended 31 March 2009**

	Notes	2009 NZ\$'000	2008 NZ\$'000
Revenue	3	13,663	17,159
Realised & Unrealised Gains/(Losses)	4	(36,102)	(14,516)
Donations	17	(7,529)	(8,612)
Audit Fees	24	(44)	(20)
Depreciation	12	(96)	(81)
Employee Remuneration		(422)	(402)
Fund Management Services		(623)	(662)
Fair Value Adjustment on Initial Recognition of Interest Free Loan	13	(525)	-
Investment Advisory Services		(126)	(130)
Other Expenses		(566)	(596)
Sponsorship		(166)	(162)
Trustee Fees	18	(207)	(210)
<b>DEFICIT FROM OPERATIONS</b>		<b>(32,743)</b>	<b>(8,232)</b>
The deficit has been applied to:			
Trust Funds		(32,743)	(8,232)
		<b>(32,743)</b>	<b>(8,232)</b>

**THE WAIKATO COMMUNITY TRUST INCORPORATED****STATEMENT OF CHANGES IN EQUITY****For the year ended 31 March 2009**

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	Notes	2009 NZ\$'000	2008 NZ\$'000
TRUST FUNDS AS AT 1 APRIL		240,070	248,302
Deficit for the year:		(32,743)	(8,232)
Total Recognised Income and Expense		(32,743)	(8,232)
TRUST FUNDS AS AT 31 MARCH		207,327	240,070

## THE WAIKATO COMMUNITY TRUST INCORPORATED

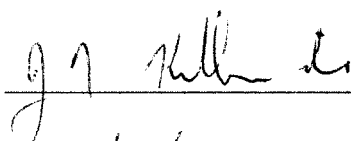
## BALANCE SHEET

As at 31 March 2009

	Notes	2009 NZ\$'000	2008 NZ\$'000
<b>EQUITY</b>			
Trust Funds		207,327	240,070
<b>TOTAL EQUITY</b>		<b>207,327</b>	<b>240,070</b>
<b>CURRENT LIABILITIES</b>			
Trade & Other Payables	5	130	182
Donations Payable	6	1,423	1,414
Employee Entitlements	7	16	17
Derivative Financial Instruments	16	-	620
		<b>1,569</b>	<b>2,233</b>
<b>NON CURRENT LIABILITIES</b>			
Donations Payable - Future Years	8	-	1,080
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>208,896</b>	<b>243,383</b>
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents	9	185	313
Trade & Other Receivables	10	17	37
Derivative Financial Instruments	16	2,975	-
		<b>3,177</b>	<b>350</b>
<b>NON CURRENT ASSETS</b>			
Financial Assets at Fair Value through Profit or Loss	11	201,902	240,538
Property, Plant & Equipment	12	2,760	2,495
Sport Waikato Loan	13	1,028	-
Work in Progress	23	29	-
		<b>205,719</b>	<b>243,033</b>
<b>TOTAL ASSETS</b>		<b>208,896</b>	<b>243,383</b>

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

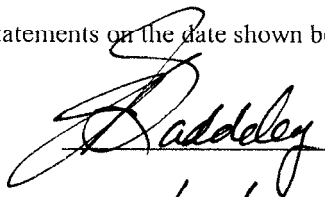
Trustee:



Date:

15/6/09

Trustee:



Date:

15/06/09

## THE WAIKATO COMMUNITY TRUST INCORPORATED

## CASH FLOW STATEMENT

For the year ended 31 March 2009

	Notes	2009 NZ\$'000	2008 NZ\$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<i>Cash was provided from:</i>			
Dividends		4,015	6,628
Interest		9,570	10,496
Other Investment Income Received		(22,054)	6,066
GST (net)		17	5
		(8,452)	23,195
<i>Cash was applied to:</i>			
Payments to Suppliers and Employees		(2,215)	(2,159)
Donations paid		(8,600)	(8,009)
		(10,815)	(10,168)
<b>Net Cash (used in)/provided by Operating Activities</b>	15	<b>(19,267)</b>	<b>13,027</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<i>Cash was provided from:</i>			
Sale of Investments		21,021	10,000
		21,021	10,000
<i>Cash was applied to:</i>			
Purchase of Investments		-	(22,574)
Purchase of Property, Plant & Equipment		(382)	(211)
Sport Waikato Loan		(1,500)	-
		(1,882)	(22,785)
<b>Net Cash (used in)/provided by Investing Activities</b>		<b>19,139</b>	<b>(12,785)</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>			
Cash and Cash Equivalents at the Beginning of the Financial Year		313	71
<b>CASH &amp; CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>		<b>185</b>	<b>313</b>

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 WAIKATO COMMUNITY TRUST INCORPORATED****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2009**

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**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 15 June 2009.

**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 17 for the donation expense reconciliation and notes 6 and 8 for the donations payable at 31 March 2009.

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 effects the carrying value of the loan and the fair value adjustment reflected in the Income Statement. Refer to note 13 for the carrying value of the loan at March 2009.

The fair value of financial assets at fair value through profit or loss and derivative financial instruments is determined based on observable market prices and rates. Refer to note 11 and 16 for the carrying value of these instruments as at 31 March 2009.

# THE WAIKATO COMMUNITY TRUST INCORPORATED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

### Standards, interpretations and amendments to published standards that are not yet effective

Initial application of the following standards will not affect any of the amounts recognised in the financial statements, but will change the disclosures presently made in the Trust's financial statements:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
NZ IAS-1 Presentation of Financial Statements - revised Standard	1 January 2009	31 March 2010
Improving disclosures about financial instruments (amendments to NZIFRS 7 Financial Instrument Disclosures)	1 January 2009	31 March 2010

Initial application of the following standards and interpretations is not expected to have any material impact to the financial report of the Trust:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2008	Various*	31 March 2010
Omnibus Amendments (2008)	1 January 2009	31 March 2010
Embedded Derivatives (Amendments to NZ IFRIC 9 and NZ IAS 39)	**	31 March 2010
Omnibus Amendments (2009)	1 July 2009	31 March 2011
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2009	***	31 March 2011

\* The effective date and transitional provisions vary by Standard. Most of the improvements are effective for annual periods beginning on or after 1 January 2009, with earlier adoption permitted, and they are to be applied retrospectively.

\*\* This Standard is effective for annual periods ending on or after 30 June 2009 and must be applied retrospectively.

\*\*\* 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.

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

**THE WAIKATO COMMUNITY TRUST INCORPORATED****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2009**

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**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 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.

**(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 Income Statement 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.

**THE WAIKATO COMMUNITY TRUST INCORPORATED****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2009**

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**(f) Financial Assets and 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 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.

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 Income Statement. 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 Income Statement 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 Income Statement 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 Income Statement 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' and the Sports Waikato loan.

**THE WAIKATO COMMUNITY TRUST INCORPORATED****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2009**

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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 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.

**THE WAIKATO COMMUNITY TRUST INCORPORATED****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2009****(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 income statement.

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	5-15 years
Motor Vehicles	7 years
Buildings	0-30 years
Art & Artefacts	100 years

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 Income Statement 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.

**THE WAIKATO COMMUNITY TRUST INCORPORATED****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2009**

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**(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.

**(k) Taxation**

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

**(l) Currency Translation****Functional 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 Income Statement.

**THE WAIKATO COMMUNITY TRUST INCORPORATED****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2009**

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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 Income Statement 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 16 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 Income Statement on a straight line basis over the term of the lease.

**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 2009

### 3. REVENUE

#### Comprises:

Dividends

Interest

Rent

2009 NZ\$'000	2008 NZ\$'000
4,015	6,628
9,623	10,496
25	35
<b>13,663</b>	<b>17,159</b>

### 4. REALISED & UNREALISED GAINS/(LOSSES)

Realised Gains/(Losses)

Unrealised Gains/(Losses)

Realised Gain/(Loss) on Derivative Financial Instrument

Unrealised Gain/(Loss) on Derivative Financial Instrument

2009 NZ\$'000	2008 NZ\$'000
(3,922)	1,204
(17,615)	(19,930)
(18,160)	4,830
3,595	(620)
<b>(36,102)</b>	<b>(14,516)</b>

### 5. TRADE & OTHER PAYABLES

Accounts Payable

Accrued Expenses

2009 NZ\$'000	2008 NZ\$'000
110	182
20	-
<b>130</b>	<b>182</b>

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 2009****6. DONATIONS PAYABLE**

Donations

2009 NZ\$'000	2008 NZ\$'000
1,423	1,414
<b>1,423</b>	<b>1,414</b>

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

**7. EMPLOYEE ENTITLEMENTS**

Holiday Pay

2009 NZ\$'000	2008 NZ\$'000
16	17
<b>16</b>	<b>17</b>

All employee benefits are payable within 12 months.

**8. NON CURRENT LIABILITIES**

Donations Payable - Future Years

2009 NZ\$'000	2008 NZ\$'000
-	1,080
<b>-</b>	<b>1,080</b>

Donations payable in future years represent donations where there is an irrevocable commitment beyond the immediate 12 month period. The carrying value of donations payable - future years approximates their fair value.

# THE WAIKATO COMMUNITY TRUST INCORPORATED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

### 9. CASH & CASH EQUIVALENTS

Cash at bank and on hand

2009 NZ\$'000	2008 NZ\$'000
185	313
<b>185</b>	<b>313</b>

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

### 10. TRADE & OTHER RECEIVABLES

Accounts Receivable

GST

2009 NZ\$'000	2008 NZ\$'000
-	3
17	34
<b>17</b>	<b>37</b>

Receivables do not contain impaired assets and are not past due. Based on the credit history it is expected that these amounts will be received when due. 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 average age of these receivables is 30 days (2008: 60 days).

The carrying value of trade receivables approximates their fair values.

### 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Enhanced Passive Global Equities (note 16)

NZ Fixed Interest and Cash (note 16)

NZ Equities and Cash (note 16)

Global Fixed Interest (note 16)

2009 NZ\$'000	2008 NZ\$'000
37,295	66,775
81,061	85,004
13,168	17,540
70,378	71,219
<b>201,902</b>	<b>240,538</b>

## THE WAIKATO COMMUNITY TRUST INCORPORATED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

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.

## 12. PROPERTY, PLANT &amp; EQUIPMENT

## Office Equipment

Cost

Balance at 1 April

Add additions

Less disposals

Balance at 31 March

Accumulated Depreciation

Balance at 1 April

Less disposals

Depreciation Expense

Balance at 31 March

Net Book Value at 31 March

## Motor Vehicles

Cost

Balance at 1 April

Add additions

Less disposals

Balance at 31 March

Accumulated Depreciation

Balance at 1 April

Depreciation Expense

Less disposals

Balance at 31 March

Net Book Value at 31 March

## Art and Artefacts

Cost

Balance at 1 April

Add additions

Less disposals

Balance at 31 March

Accumulated Depreciation

Balance at 1 April

Depreciation Expense

Balance at 31 March

Net Book Value at 31 March

	2009 NZ\$'000	2008 NZ\$'000
<b>Office Equipment</b>		
Cost		
Balance at 1 April	266	235
Add additions	15	31
Less disposals	(18)	-
Balance at 31 March	263	266
Accumulated Depreciation		
Balance at 1 April	191	165
Less disposals	(18)	-
Depreciation Expense	23	26
Balance at 31 March	196	191
Net Book Value at 31 March	67	75
<b>Motor Vehicles</b>		
Cost		
Balance at 1 April	96	96
Add additions	70	-
Less disposals	(74)	-
Balance at 31 March	92	96
Accumulated Depreciation		
Balance at 1 April	70	57
Depreciation Expense	28	13
Less disposals	(57)	-
Balance at 31 March	41	70
Net Book Value at 31 March	51	26
<b>Art and Artefacts</b>		
Cost		
Balance at 1 April	839	714
Add additions	123	125
Less disposals	-	-
Balance at 31 March	962	839
Accumulated Depreciation		
Balance at 1 April	8	-
Depreciation Expense	9	8
Balance at 31 March	17	8
Net Book Value at 31 March	945	831

# THE WAIKATO COMMUNITY TRUST INCORPORATED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

### Buildings

#### Cost

Balance at 1 April	
Add additions	
Less disposals	
Balance at 31 March	
<u>Accumulated Depreciation</u>	
Balance at 1 April	
Depreciation Expense	
Balance at 31 March	
Net Book Value 31 March	

2009 NZ\$'000	2008 NZ\$'000
1,025	973
170	52
-	-
1,195	1,025
306	272
36	34
342	306
853	719
844	841
-	3
-	-
844	844

### Land

#### Cost

Balance 1 April	
Add additions	
Less disposals	
Balance at 31 March	

### Total Property Plant & Equipment

#### Cost

Balance at 1 April	
Add additions	
Less disposals	
Balance at 31 March	
<u>Accumulated Depreciation</u>	
Balance at 1 April	
Less disposals	
Depreciation Expense	
Balance at 31 March	
Net Book Value at 31 March	

3,070	2,859
378	211
(92)	-
3,356	3,070
575	494
(75)	-
96	81
596	575
2,760	2,495

- (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 20.

# THE WAIKATO COMMUNITY TRUST INCORPORATED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

### 13. 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:

	2009 NZ\$'000	2008 NZ\$'000
Loan Principal	1,500	-
Fair Value Adjustment on Initial Recognition of Interest Free Loan	(525)	-
Notional Interest	53	-
	<b>1,028</b>	<b>-</b>

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 \$1,088,065.

### 14. 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.

	2009 NZ\$'000	2008 NZ\$'000
Total Commitments	2,911	2,865
Subject to fulfilment of the conditions, the commitments are payable as follows:		
Not later than 1 year	2,533	2,715
Later than 1 year and not later than 5 years	378	150
	<b>2,911</b>	<b>2,865</b>

There are no other capital commitments or contingent liabilities at balance date (2008 - Nil).

# THE WAIKATO COMMUNITY TRUST INCORPORATED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

### 15. RECONCILIATION OF DEFICIT FOR THE PERIOD TO NET CASH CASH FLOWS FROM OPERATING ACTIVITIES

DEFICIT FOR THE PERIOD

#### Adjust for non-cash items:

Profit on Sale of Property, Plant and Equipment  
Depreciation  
Unrealised Losses  
Fair Value Adjustment on Initial Recognition of the Interest Free Loan  
Notional Interest on Interest Free Loan

#### Impact of changes in net assets and liabilities:

(Increase) Decrease in Trade & Other Receivables  
Increase (decrease) in Trade & Other Payables  
Increase (decrease) in Donations Payable  
Increase (decrease) in Employee Entitlements

Net cash inflow from operating activities

2009 NZ\$'000	2008 NZ\$'000
(32,743)	(8,232)
(8)	-
96	81
14,020	20,550
525	-
(53)	-
14,580	20,631
20	2
(52)	19
(1,071)	602
(1)	5
(1,104)	628
(19,267)	13,027

### 16. 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.

#### 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 11).

**THE WAIKATO COMMUNITY TRUST INCORPORATED****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2009**

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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.

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.

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.

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 11) and derivative financial instruments. The table below details the Trust's sensitivity to a 25% increase and 10% 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.

Equity Price Risk

The Trust is exposed to equity 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 25% increase and 10% decrease in the equity 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.

**THE WAIKATO COMMUNITY TRUST INCORPORATED****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2009**

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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 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 9), other financial assets at fair value through profit or loss (note 11) and trade and other receivables (note 10).

**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.

**Capital Risk Management**

The Trust's objective 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 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% (2008 - 7.14%) 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% (2008 - 3.5% and 4.5%) 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.

At the end of 2008, the Trust recognised that the value of the Trust fund had fallen below the level required to be maintained for the benefit of current and future generations. The Trust then reviewed its approach to donations distributions for forthcoming years and set a reduced donation budget for the 2009/2010 financial year and indicative reduced budgets for the following two years. The Trust also reviewed its strategic asset allocation (see below) and committed to reduced operating expenditure.

**THE WAIKATO COMMUNITY TRUST INCORPORATED****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2009**

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The Trust uses the services of an investment advisor to pursue an investment policy considered appropriate for the Trust. Due to the current conditions of financial markets, over the course of the year the Trust has reviewed, and will continue to review, its long term asset allocation. For much of the year, with actual achievement subject to some significant market movements and gradual transition to a new policy, the Trust has had a long term asset allocation of:

New Zealand Equities	7.5%
New Zealand Fixed Interest	25.0%
New Zealand Cash	12.5%
Global Fixed Interest (Fully Hedged)	27.5%
Global Equities (Fully Hedged)	27.5%
	<u>100.0%</u>

At 31 March 2009 the policy is to achieve a long term asset allocation of:

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

The Trust's actual asset allocation during the year has reflected the gradual transition from the old policy to the new.

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

## THE WAIKATO COMMUNITY TRUST INCORPORATED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

31 March 2009	Carrying amount \$'000	Interest rate risk				Foreign exchange risk				Equity 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	-	-	-	-
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)
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)

31 March 2008	Carrying amount \$'000	Interest rate risk				Foreign exchange risk				Equity price risk			
		-1%		+1%		-10%		+10%		-10%		+10%	
		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	(620)	-	-	-	-	(7,413)	(7,413)	6,065	6,065	-	-	-	-
Assets recorded at Fair Value through the Profit or Loss (FVTPL)	240,538	(1,562)	(1,562)	1,562	1,562	15,327	15,327	(12,541)	(12,541)	20,745	20,745	(20,745)	(20,745)
Total increase/ (decrease)		(1,562)	(1,562)	1,562	1,562	7,914	7,914	(6,476)	(6,476)	20,745	20,745	(20,745)	(20,745)

**THE WAIKATO COMMUNITY TRUST INCORPORATED****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2009**

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

	2009 NZ\$'000	2008 NZ\$'000
Enhanced Passive Global Equities (note 11)	37,295	66,775
Denominated in the following currencies:		
Canadian dollar equivalents	1,663	2,965
Danish krona equivalents	168	401
Euro equivalents	5,725	12,427
Great Britain pound equivalents	3,696	7,192
Hong Kong dollar equivalents	433	694
Japanese yen equivalents	4,237	6,824
New Zealand dollars	-	47
Norwegian kroner equivalents	119	380
Singapore dollar equivalents	186	427
Swedish krona equivalents	365	795
Swiss franc equivalents	1,458	2,384
United States dollar equivalents	19,245	32,239
	37,295	66,775
NZ Fixed Interest and Cash (note 11)	81,061	85,004
Denominated in the following currencies:		
New Zealand dollars	81,061	85,004
	81,061	85,004

# THE WAIKATO COMMUNITY TRUST INCORPORATED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

	2009 NZ\$'000	2008 NZ\$'000
NZ Equities and Cash (note 11)	13,168	17,540
Denominated in the following currencies: New Zealand dollars	13,168	17,540
	13,168	17,540

Global Fixed Interest (note 11)	70,378	71,219
Denominated in the following currencies:		
Australian dollar equivalents	1,098	3,084
Canadian dollar equivalents	2,372	1,803
Danish krona equivalents	-	256
Euro equivalents	30,481	23,908
Great Britain pound equivalents	6,848	9,130
Japanese yen equivalents	10,500	12,727
Poland zloty equivalents	-	128
Swedish krona equivalents	640	-
United States dollar equivalents	18,439	20,183
	70,378	71,219

### 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 2009

Outstanding Contracts	Average Exchange Rate		Foreign Currency		Contract Value		Fair Value	
	2009	2008	2009	2008	2009	2008	2009	2008
			'000	'000	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
<u>Buy Canadian Dollars</u>								
Less than 3 months	0.6637	0.7710	1,169	2,391	1,761	3,101	124	102
<u>Buy Swiss Franc</u>								
Less than 3 months	0.6139	0.7905	900	1,962	1,467	2,482	70	(75)
<u>Buy Euro</u>								
Less than 3 months	0.4017	0.5114	2,715	7,059	6,760	13,803	410	(564)
<u>Buy Great Britain Pounds</u>								
Less than 3 months	0.3721	0.3897	1,408	2,954	3,783	7,581	228	59
<u>Buy Japanese Yen</u>								
Less than 3 months	50.8100	78.5158	250,546	578,924	4,933	7,373	460	(156)
<u>Buy US Dollars</u>								
Less than 3 months	0.5250	0.7759	11,850	26,512	22,593	34,157	1,726	(13)
<u>Sell Japanese Yen</u>								
Less than 3 months	51.8082	76.8503	4,507	44,685	87	581	(6)	-
<u>Sell Euro</u>								
Less than 3 months	0.4067	0.4968	48	216	118	433	(5)	7
<u>Sell US Dollars</u>								
Less than 3 months	0.5539	0.7929	632	714	1,142	900	(29)	20
<u>Sell Canadian Dollars</u>								
Less than 3 months	-	0.7971	-	66	-	83	-	-
<u>Sell Swiss Franc</u>								
Less than 3 months	-	0.7670	-	90	-	117	-	-
<u>Sell Great Britain Pounds</u>								
Less than 3 months	0.3751	0.3926	26	111	70	283	(3)	-
					42,714	70,894	2,975	(620)

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 2009

### 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 NZ\$'000	1-2 Years NZ\$'000	2-3 Years NZ\$'000	More than 3 years NZ\$'000	Total NZ\$'000
<b>2009</b>					
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>
<b>2008</b>					
Non Interest Bearing Payables					
- Trade & Other Payables	182	-	-	-	182
- Employee Entitlements	17	-	-	-	17
- Donations Payable	1,414	1,080	-	-	2,494
	<u>1,613</u>	<u>1,080</u>	<u>-</u>	<u>-</u>	<u>2,693</u>

### 17. DONATIONS

On 14 May 2009 the Waikato Times published a list totalling \$8,444,700 which showed the donations approved by the Trust during the year ended 31 March 2009.

\$

Total donations published in the Waikato Times 8,444,700

Less: Future conditional commitments included in above:

Cambridge BMX Club	(30,000)
Cambridge High School	(100,000)
Central King Country REAP Society Inc	(20,000)
Christian Youth Camps (Inc)	(15,000)
Hauraki Rail Trail Trust	(15,000)
Hora Hora Marae	(95,000)
Huntly Mining & Cultural Museum Society Inc	(41,000)
IHC Regional	(20,000)
Maungatautari Ecological Island Trust	(50,000)
Te Ohaki Marae - Matamata	(12,500)
Turangawaewae Kohanga Reo	(8,000)
Volunteer Fire Brigade - Athenree	(15,000)
Weraroa Marae Trust	(80,000)
Whitianga Community Services Trust	(116,000)
	<u>(617,500)</u>

**THE WAIKATO COMMUNITY TRUST INCORPORATED****NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS****For the year ended 31 March 2009**

Add: Past conditional commitments paid during year:

Glen Murray Community Association Inc	15,000
Hamilton Boys High School	70,000
Hora Hora Marae	70,000
Otorohanga Domain Sports Association	7,000
Pirongia Sports & Recreation Centre	75,000
Pokura Marae	18,000
Tauhei Marae Charitable Trust	65,000
Tauwhare Marae Committee	30,000
Te Awamutu Gracelands Trust	75,000
Te Awamutu Gracelands Trust	25,000
Te Awamutu Light Operatic Society Inc	13,000
Te Kohao Health Limited	300,000
Tokoroa Mountain Bike Club	18,000
	<u>781,000</u>

Less: Payment of donations payable at beginning of year:

Music & Arts Waikato Trust	(343,000)
Social Services Waikato Trust	(491,000)
Sport Waikato - Sports Force	(580,000)
	<u>(1,414,000)</u>

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

Music & Arts Waikato Trust	93,000
Social Services Waikato Trust	250,000
	<u>343,000</u>

Less: Donations refunded during year:

Ngaroto Boating Club	(2,000)
Riverlea Theatre	(5,000)
Thames Scout Group	(1,000)
	<u>(8,000)</u>

Total donations for the year shown in the Income Statement.

7,529,200

Of this amount \$7,186,200 has actually been paid to community groups during the year. The remaining \$343,000 represents donations which will be paid in the time frame approved by the Trust.

Donations payable at balance date are:

For the 2009/2010 year	1,423,000
	<u>1,423,000</u>

**A full list of donations is available on request.**

# THE WAIKATO COMMUNITY TRUST INCORPORATED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

### 18. MEETING ATTENDANCE

The Trust held 26 formal meetings during the year. The following table records each Trustee's attendance at these formal meetings:

Trustee	Meeting Attendance	Remuneration \$
Anderson, Josie	10	6,465
Astle, Dennis	23	11,960
Baddeley, Clint	20	9,825
Cave, Christine ( <i>to May 2008</i> )	2	1,247
Doube, Bernadette	21	11,540
Hosking, Bruce ( <i>Investment Committee Chair</i> )	23	23,765
Karalus, Peta	14	10,210
Kilbride, John ( <i>Chair</i> )	22	39,320
Law, Michael	24	13,360
McConnell, Angus	18	9,510
Moxon, Tureiti ( <i>Deputy Chair</i> )	9	12,731
Muru, Judith	22	11,505
Purnell, Max	14	11,260
Tan, Fee-Ching	23	12,485
Yates, Dianne ( <i>from June 2008</i> )	18	13,968
Additional separate payment for previous Trustees		8,120
Total Remuneration		<u>207,271</u>

In addition during the year, Trustees took part in six Trust Waikato subcommittees, various training and development forums and community sector forums.

Trustees and Trust staff were invited to 217 separate formal and informal meetings and functions. The Trust was able to achieve representation at approximately 191 of these meetings and functions.

### 19. 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. 88 such interests were recorded during the course of the year (2008 – 119) 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 2009****20. OPERATING LEASE ARRANGEMENTS****The Trust as Lessor****Non - cancellable operating lease receivable**

Not longer than 1 year  
 Longer than 1 year and not longer than 5 years  
 Longer than 5 years

2009 NZ\$'000	2008 NZ\$'000
22	11
33	-
-	-
<b>55</b>	<b>11</b>

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 \$356,239 (Land - \$87,000, Buildings - \$269,239), the accumulated depreciation is \$64,204 and the depreciation charge for the year is \$11,412.

**21. 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.

**22. 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

2009 NZ\$'000	2008 NZ\$'000
352	357
<b>352</b>	<b>357</b>

**Transactions with Key Management Personnel**

Key management were related to organisations that received donations totalling \$69,000 (2008-\$70,000) 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 2009**

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**Transactions with Trustees**

Trustees were related to organisations that received donations totalling \$625,000 (2008-\$242,700) 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.

**23. WORK IN PROGRESS**

The work in progress consists of computer database costs that are directly attributable costs capitalised as part of the database project including software development employee costs and an appropriate portion of relevant overheads. The asset will not be amortised until it is available for use.

**24. AUDIT FEES**

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

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*A copy of these financial statements and a full list of 2008–2009 donations is available on request.*



**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 2009. This information is stated in accordance with the accounting policies set out in note 1 of the financial statements.

**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 Waikato Community Trust Incorporated as at 31 March 2009 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 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 2009 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 15 June 2009 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 2009 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 of The Waikato Community Trust for the year ended 31 March 2009, 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 2009 that have been published 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 signed and published. This audit report refers only to the financial statements named above. If readers of this audit report are concerned with the inherent risks arising from electronic data communication, they should refer to the original signed and published hard copy of the financial statements and related audit report dated 15 June 2009 to confirm the information included in the financial statements published in the New Zealand Gazette or on the New Zealand Gazette's website. Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.