



New Zealand Gazette

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THE CANTERBURY COMMUNITY TRUST

FINANCIAL STATEMENTS

PURSUANT TO SECTION 13 OF THE
COMMUNITY TRUSTS ACT 1999

**THE CANTERBURY COMMUNITY TRUST
TRUST DIRECTORY
FOR THE YEAR ENDED 31ST MARCH 2009**

Trust Particulars:

The Canterbury Community Trust was incorporated as a charitable trust in accordance with the provisions of the Trustee provisions of the Community Trust Act, 1999.
The purpose of The Canterbury Community Trust is to provide charitable, cultural and philanthropic and recreational benefits to the community.

Date of Trust Deed:

30 May 1988

Settlor:

Minister of Finance

Trustees:

B C Dent (Chair)	M E O'Connor
E H Moke	R K Tankersley
R J Todd	E M Richards
M J Richardson	S M Thompson
F M Jessep	L S Rutland
E J Collyns	R J Dally

Trust Manager:

W P Ward

Financial Advisors:

Ernst & Young
P O Box 2091
CHRISTCHURCH
(M J Hadlee)

Taxation Consultant:

KPMG
P O Box 274
CHRISTCHURCH
(O M Wallis)

Auditors:

PricewaterhouseCoopers
P O Box 13-244
CHRISTCHURCH
(R Harris)

Custodial Trustee:

BNP Paribas Securities Services

Fund Investment Advisor:

Forsyth Barr Funds Management

Bankers:

Westpac
PO Box 13-113
CHRISTCHURCH

Solicitors:

Chapman Tripp Sheffield Young
P O Box 2510
CHRISTCHURCH
(J L Holland)

Rhodes & Co
P O Box 13 444
CHRISTCHURCH
(S Hetherington)

**THE CANTERBURY COMMUNITY TRUST
TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST MARCH 2009**

Objectives of the Trust and Charitable Company subsidiary:

To provide charitable, cultural, philanthropic and recreational benefits to the communities of Canterbury, Marlborough, Nelson and the Chatham Islands.

Policies and Structure of the Trust and Charitable Company subsidiary:

These organisations are structured to include community representatives from the four regions. Their policies are to manage and distribute their income and capital to the community they serve.

Activities of the Trust:

During the period under review the Trust and its charitable subsidiary have provided financial assistance to a wide range of community groups in Canterbury, Marlborough, Nelson and the Chatham Islands. In addition to responding to applications for assistance these organisations have initiated several new projects of benefit to community groups.

Trustees' Remuneration:

During the period the trustees of the Trust received fees of \$175,293 (2008 \$139,517)

Review of Results and Financial Position:

The total distribution from the Trust and Charitable Company was \$30.981 million (2008 \$20.611 million) donations to community groups during the last twelve months.

Signed on behalf of the Board of Trustees:

B C Dent
Chair

R J Todd
Trustee

Date: 6 July 2009

Balance sheet

As at 31 March 2009
in New Zealand Dollars (\$000's)

		Group	
	Note	2009	2008
Assets			
Property, plant and equipment	10	1,752	1,415
Investment property	11	25,204	27,018
Financial assets	12	3,480	2,615
Total non-current assets		30,436	31,048
Trade and other receivables	14	132	699
Cash and cash equivalents	15	946	259
Other financial assets	12	454,275	499,532
Total current assets		455,353	500,490
Total assets		485,789	531,538
Trust Funds			
Core real capital base reserve	16	371,422	371,422
Capital base reserve	16	118,325	103,830
Accumulated income reserve	16	-22,860	50,681
Total trust funds		466,887	525,933
Liabilities			
Trade and other payables	17	9,462	2,507
Derivatives		9,440	3,098
Total current liabilities		18,902	5,605
Total liabilities		17,370	5,605
Total trust funds and liabilities		485,789	531,538

The notes on pages 5 to 22 are an integral part of these financial statements.

For and on behalf of the Board of Trustees:

Chairman of Trustees
13 July 2009

Trustee
13 July 2009

Income statement

For the year ended 31 March 2009

in New Zealand Dollars (\$000's)

	Note	Group	
		2009	2008
Revenue	5	-23,705	-4,172
Investment fees	7	-1,218	-1,211
Other income	6	-45	2,344
Other expenses	8	-1,565	-1,248
Profit/(loss) before tax		-26,533	-4,287
Tax	13	0	0
Profit/(loss) for the year		-26,533	-4,287

Statement of recognised income and expense

For the year ended 31 March 2009

in New Zealand Dollars (\$000's)

	Note	Group	
		2008	2007
Profit/(loss) for the year		-26,533	-4,287
Total recognised income and expense for the year	16	-26,533	-4,287

The notes on pages 5 to 22 are an integral part of these financial statements.

Statement of cashflows

For the year ended 31 March 2009

in New Zealand Dollars (\$000's)

	Note	Group 2009	2008
Cashflows from operating activities			
Other income		3,098	1335
Interest received		23,036	29,761
Dividends received		3,319	3,940
Cash paid to suppliers, employees and trustees		-2,679	-2,448
Net cash from operating activities	20	26,774	32,588
Cashflows from investment activities			
Managed funds investments		778	-1,506
Proceeds from repayment of community loans		442	
New Community loans provided		-1,307	-373
Purchase of investment property and property, plant and equipment		-436	-10,699
Net Cash from/used in investing activities		-523	-12,578
Cashflows from financing activities			
Donations	9	-25,564	-20,419
Net cash used in financing activities		-25,564	-20,419
Net (decrease)/increase in cash and cash equivalents		687	-409
Cash and cash equivalents at 1 April		259	668
Cash and cash equivalents at 31 March	15	946	259

The notes on pages 5 to 22 are an integral part of these financial statements.

Notes to the financial statements

Significant accounting policies

1 Reporting entity

The Canterbury Community Trust (the "Parent") is a charitable trust, domiciled in New Zealand, incorporated in accordance with the provisions of The Community Trust Act 1999 and has a registered office at 119 Armagh Street, P O Box 2510, Christchurch.

Consolidated financial statements are presented for The Canterbury Community Trust. The consolidated financial statements of the Group as at and for the year ended 31 March 2009 comprise the Parent and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The Group is a charitable trust which distributes income from its investment activities to the communities of Canterbury, Nelson, Marlborough and the Chatham Islands.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards, and its interpretations (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

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

The financial statements have been approved by the Board of Trustees on 6 July 2009.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- investment property is measured at fair value.

The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

These financial statements are presented in thousands of New Zealand dollars (\$000's), which is the Parent and Group's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are related to the valuation of investments are discussed further in note 4.

Notes to the financial statements

3 Significant accounting policies

(a) Basis of consolidation

(i) Subsidiaries

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

(ii) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

(c) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, and trade and other payables.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets are accounted for at the trade date.

Non-derivative financial instruments are recognised initially at fair value and, derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Instruments at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transactions costs are recognised in the income statement when incurred. Subsequent to initial recognition, financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement.

Investments in subsidiaries

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

Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

Trade and other payables

Trade and other payables are stated at amortised cost.

(ii) Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. Hedge accounting is not adopted and derivatives are recognised as trading instruments.

Notes to the financial statements

3 Significant accounting policies (continued)

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight line and diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

(d) Property, plant and equipment (continued)

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

- Buildings 3% straight line
- Office equipment 6-60% diminishing value
- Furniture and fittings 14-40% diminishing value
- Computers 28-48% diminishing value

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

(e) Investment property

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

(f) Joint ventures operations

When a member of the Group participates in a joint venture arrangement, that member recognises its proportion of the individual assets, liabilities, revenues and expenses of the joint venture. The liabilities recognised include its share of those for which it is jointly liable.

(g) Impairment

The carrying amounts of the Group's assets are reviewed at each balance date to determine whether there is any indication of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Income Statement.

(i) Impairment of debt instruments and receivables

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

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Notes to the financial statements

3 Significant accounting policies (continued)

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

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

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

(h) Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(i) Revenue

(i) Investment income

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

(ii) Rental income

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

(j) Lease payments

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(k) Finance expenses

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

(l) Income tax expense

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

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Notes to the financial statements

3 Significant accounting policies (continued)

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

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(m) New standards adopted and interpretations not yet adopted

A number of new interpretations and amendments to current standards are not yet effective for the year ended 31 March 2009, and have not been applied in preparing these consolidated financial statements. The Group expects the following amendments to standards to have an impact on its financial statements in future periods:

NZ IAS 1 Presentation of financial statements (Revised) supersedes the 2003 version of NZ IAS 1. The revised standard introduces "total comprehensive income" (i.e. changes in equity during a period, other than those resulting from transactions with owners in their capacity as owners) and a "Statement of Comprehensive Income". It requires all non-owner changes in equity to be presented in one statement (i.e. a Statement of Comprehensive Income) or two statements (i.e. an Income Statement and a Statement of Comprehensive Income). The revised standard will be mandatory for the Group's 2010 financial statements and will impact the disclosures in the Group's primary statements.

NZ IFRS 7: Financial Instrument Disclosures (Amendments). The amended IFRS 7 requires fair value measurements to be disclosed by the source of inputs, using the following three-level hierarchy:

- Quoted prices in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). The revised standard will be mandatory for the Group's 2010 financial statements and will impact the disclosures of financial instruments.

The Group has revised the following changes to the standards and new interpretations that have been issued but not yet effective and has concluded that they will not have a material impact on the Group's financial statements:

NZ IFRS 4: Insurance Contracts (Amendments).

NZ IFRS 8 Operating Segments.

NZ IFRS 3: Business Combinations (Revised)

NZ IAS 23 Borrowing Costs (Revised and Amendments)

NZ IFRIC 13: Customer Loyalty Programs

NZ IFRIC 15: Agreements for the construction of real estate

NZ IFRIC 16: Hedges of a net investment in a foreign operation

NZ IFRIC 17: Distributions of Non-cash assets to owners

NZ IFRIC 18: Transfer of assets from customers

NZ IAS 39: Financial Instruments and Recognition (Amendments)

NZ IAS 27: Consolidated and Separate Financial Statements (Revised and Amendments)

NZ IFRS 1: First time adoption, ,

NZ IFRS 2: Share based payments (Amendments)

NZ IAS 32: Financial Instruments Presentation (Amendments)

(n) Change in accounting policies

There has not been any changes in accounting policies during the year

Notes to the financial statements

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Investment property

External, independent valuation companies, Fright Aubrey (Christchurch properties) and Duke and Cooke (Nelson properties) having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio annually. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

(b) Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, is determined by reference to their quoted bid price at the reporting date wherever this information is available. Certain investments in emerging markets are only traded on certain days. In this instance the trades that occurred on the date nearest to the balance date have been used.

For investments where there is no active market, investments have been valued using Australian Private Equity & Venture Capital Association Limited ("AVCAL") reporting guidelines. This broadly requires the investment to be valued at cost for the first 18 months and subsequently based on net asset value.

(c) Trade and other receivables

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

(d) Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

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

Notes to the financial statements

in New Zealand Dollars (000's)

5	Revenue	Group	
		2009	2008
	Rents received	963	68
	Dividends received	3,319	3,940
	Interest received	23,036	29,544
	Change in fair value of investments	-51,023	-37,724
	Total revenue	-23,705	-4,172
6	Other income	Group	
		2009	2008
	Change in fair value of investment property	-1,814	1,077
	Rent received from investment property	1,769	1,267
	Total other income	-45	2,344
7	Investment fees	Group	
		2009	2008
	Fund manager funds	730	804
	Custodial fees	231	179
	Advisory fees	257	228
	Total investment fees	1,218	1,211
8	Other expenses	Group	
		2009	2008
	Advertising public relations, distribution and other costs	319	235
	Computer costs	39	49
	Depreciation	98	77
	Professional fees	72	88
	Property costs	297	226
	Salaries, trustee fees and staff-recruiting fees	700	544
	Auditor's remuneration to PricewaterhouseCoopers		
	- for audit of financial statements	25	29
	- for assistance with conversion to NZ IFRS	15	-
	Total other expenses	1,565	1,248

Notes to the financial statements

9 Approved donations

The names of the organisations to whom distributions have been made by the Trust under section 13 of The Community Trust Act 1999 during the financial year and the amounts distributed are shown in the Annual Report.

Funds carried forward as accumulated income are available for the payment of donations in future years. Budgeted donations unspent in the current year are to be distributed in the following year.

The Trust has future commitments of donations where the donee must fulfil future obligations before the donation is payable. At 31 March 2009 these totalled \$4,453,880 (2008: \$3,268,760).

The trustees recognise that there is a need to ensure a fairness and equity between the regions as far as payments of donations are concerned in relation to budgetary allocations. The allocation of donations between regions is based on population statistics for each region.

Notes to the financial statements

in New Zealand Dollars (\$'000's)

10 Property, Plant and Equipment - Group

	Land and buildings	Office equipment	Fixtures and fittings	Computers	Total
Cost					
Balance at 1 April 2008	1,830	35	117	101	2,083
Additions		21	327	88	436
Disposals	-	-	0	-16	-16
Balance as at 31 March 2009	1,830	56	444	173	2,503
Balance at 1 April 2007	1,828	33	84	95	2,040
Additions	2	2	33	6	43
Balance as at 31 March 2008	1,830	35	117	101	2,083
Depreciation					
Balance at 1 April 2008	486	26	67	89	668
Depreciation for the year	65	1	21	11	98
Disposals	0	0	0	-15	-15
Balance as at 31 March 2009	551	27	88	85	751
Balance at 1 April 2007	422	24	63	82	591
Depreciation for the year	64	2	4	7	77
Balance as at 31 March 2008	486	26	67	89	668
Carrying amounts					
At 1 April 2008	1,344	9	50	12	1,415
At 31 March 2009	1,279	29	356	88	1,752
At 1 April 2007	1,406	9	21	13	1,449
At 31 March 2008	1,344	9	50	12	1,415

Notes to the financial statements

11 Investment property	Group	
	2009	2008
Balance at 1 April	27,018	15,285
Acquisitions	0	10,656
Change in fair value	-1,814	1,077
Balance at 31 March	25,204	27,018

Investment property comprises six properties at 262 Oxford Terrace, 141 Hereford Street, 242 Manchester Street (Christchurch) 16 Parumoana Street, Porirua, 88 Hardy Street and 50 Halifax Street (Nelson).

Christchurch investment properties were valued at 31 March 2009 by an independent valuer, GR Sellars of Fright Aubrey, who is a Fellow of the New Zealand Institute of Valuers. Nelson investment properties were valued at 31 March 2009 by an independent valuer, R Muir of Duke and Cooke, who is a Fellow of the New Zealand Institute of Valuers.

During the year ended 31 March 2009, rent of \$1,769,000 was recognised as being other income in the income statement (2008: \$1,267,000). Repairs and maintenance expense, recognised in cost of sales, was \$59,825 (2008:\$12,258)

Canterbury Trust House Limited purchased a 50% participating interest in an investment property in Porirua on 30 March 2007. Under the joint arrangement, rental revenue and all expenses are shared equally between each party. At balance date there were no revenue or expense items to be accounted for.

The Group's share of the management fee for the property expensed in the Income Statement is \$22,404 (2008:\$22,404)

12 Financial assets	Group	
	2009	2008
Non-current investments		
Loans and receivables	3,480	2,615
	3,480	2,615
Current investments		
Financial assets designated at fair value through the profit or loss	452,629	498,915
Derivatives	1,646	617
	454,275	499,532

13 Taxation

The Canterbury Community Trust is exempt from income tax with effect 1 April 2004. This means that the Canterbury Trust House Limited is now the only taxable entity in the Group.

The Group has an unrecognised deferred taxation asset in respect of taxation losses of \$871,041 (2008: \$716,513) and an unrecognised deferred tax liability in respect of its investment property of \$887,042 (2008: \$640,978). The assets and liabilities are not expected to be realised in the foreseeable future.

Notes to the financial statements

14 Trade and other receivables

	Group	
	2009	2008
Other trade receivables	132	699
	<u>132</u>	<u>699</u>

See note 18 with respect to impairment of trade receivables.

15 Cash and cash equivalents

	Group	
	2009	2008
Call Deposits	911	146
Bank balances	35	113
Cash and cash equivalents in the statement of cash flows	<u>946</u>	<u>259</u>

The effective interest rate on call deposits in 2009 was an average of 3.0 – 8.25 percent (2008: 7.5-8.25 percent). The deposits were on call deposit with the balance fluctuating on a daily basis.

16 Trust funds

	Core Real Capital Base Reserve	Capital Base Reserve	Accumulated Income Reserve	Total
Balance at 1 April 2008	371,422	103,830	50,681	525,933
Total recognised income and expense	-	-	-26,533	-26,533
Distributions in the form of donations (Note 9)	-4,273	-	-28,240	-32,513
Reserve transfers	4,273	14,495	-18,768	0
Balance at 31 March 2009	<u>371,422</u>	<u>118,325</u>	<u>-22,860</u>	<u>466,887</u>
Balance at 1 April 2007	371,422	87,759	91,650	550,831
Total recognised income and expense	-	-	-4,287	-4,287
Distributions in the form of donations (Note 9)	-3,452	-	-17,159	-20,611
Reserves transfers	3,452	16,071	-19,523	0
Balance at 31 March 2008	<u>371,422</u>	<u>103,830</u>	<u>50,681</u>	<u>525,933</u>

Notes to the financial statements

16 Trust funds (continued)

Core Real Capital Base Reserve

The Core Real Capital Base Reserve arose when monies were received on the sale of the Trust Bank Canterbury to Westpac.

Capital Base Reserve

The Capital Base Reserve provides a fund to reflect the effects of annual inflation on the Core Real Capital Base Reserve, using CPI to calculate the amount.

Accumulated Income Reserve

The Accumulated Income Reserve reflects the accumulated profits from earlier periods.

in New Zealand Dollars (\$000's)

17 Trade and other payables

	Group	
	2009	2008
Other trade payables	329	321
Non-trade payables and accrued expenses	9,133	2,186
	<u>9,462</u>	<u>2,507</u>

18 Financial instruments

Exposure to credit, interest rate, foreign currency, equity price and liquidity risks arises in the normal course of the Group's business. The Group's risk management policies and procedures for financial instruments are formally documented and approved by the Trustees in the Group's Statement of Investment Policies and Objectives ("SIPO").

Credit risk

The Group's SIPO stipulates value ranges that may be held in cash, New Zealand bonds, international bonds, emerging market bonds and property. Within each of these investment sub-groups there are maximum limits that can be invested within one financial institution. This diversified investment strategy reduces the credit risk exposure of the Group.

The Group only makes loans to entities that are well established and have the ability to demonstrate strong cashflows.

The SIPO states minimum credit ratings of the majority of investments that have to be achieved.

Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity measurements on an ongoing basis. In general, the Group generates sufficient cash flows from its activities to meet its obligations arising from its financial liabilities.

Market risk

Market risk is the risk that changes in market prices, such as interest rates or equity prices, will affect the Group's profit or valuation of net assets. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The risk is mitigated by the policies and procedures outlined in the Group's SIPO. These include diversification of the investment portfolio and prudent investment strategies.

Notes to the financial statements

18 Financial instruments (continued)

Foreign currency risk

The Group is exposed to foreign currency risk as a result of investment transactions entered into by fund managers in a currency other than the Parent's functional currency, New Zealand dollars (\$), which is the presentation currency of the Group. Fund managers typically hedge investments denominated in a foreign currency where appropriate with foreign exchange contracts.

Interest rate risk

The Group has bank call and deposit accounts, government and local authority securities and other investment held by the Group's fund managers that are exposed to interest rate risk. Interest rate risk is mitigated by the use of swaps where appropriate, to achieve an appropriate mix of fixed and floating rate exposure within the Group's policy.

Other market price risk

The entity is not exposed to substantial other market price risk arising from financial instruments.

Quantitative disclosure

Credit risk

The carrying amount of financial assets represents the Group's maximum credit exposure.

The Group's maximum exposure to credit risk for investments by geographic regions and investment type is as follows:

	Group	
Carrying amount	2009	2008
New Zealand Community Loans	3,480	2,615
New Zealand Cash	89,140	187,773
New Zealand fixed interest	189,159	103,619
New Zealand Equities	19,306	26,967
New Zealand Property	13,637	13,803
Australian Equities	22,912	30,707
Private Equity	11,641	4,802
Global Bonds	32,524	32,883
Global Equities	46,592	51,965
Emerging Market Debt	18,296	22,431
Emerging Market Equities	3,648	5,039
Alternative Assets	5,774	18,926
Total Financial Assets	456,109	501,530

Global bonds and equities and emerging markets debt and equity are in investments denominated in Australian Dollars, US Dollars and Euros.

The fair value of alternative assets is determined by valuation techniques based on assumptions that are not supported by prices from observable current market transactions. The reduction in the fair value of these instruments during the year was \$12,858,000.

The Trust has outstanding commitments to private equity funds totalling \$2,262,000 (2008: \$14,940,000).

Notes to the financial statements

18 Financial instruments (continued)

Liquidity risk

The following table sets out the contractual cash flows for all financial liabilities and derivatives that are settled on a gross cash flow basis:

Group 2009	Balance sheet	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Derivatives	9,440	9,440	5,238	-	4,202	-	-
Trade and other payables	7,930	7,930	351	7,579	-	-	-
Total financial liabilities	17,370	17,370	5,589	7,579	4,202	-	-
Group 2008							
Derivatives	3,098	3,098	827	-	845	1,426	-
Trade and other payables	2,507	2,507	321	2,186	-	-	-
Total financial liabilities	5,605	5,605	1,148	2,186	845	1,426	-

Foreign currency exchange risk

The Group's exposure to foreign currency risk can be summarised as follows:

	USD	AUD	EURO
2009			
Foreign currency risk			
Investments	39,469	46,428	4,258
Net balance sheet exposure before hedging activity	39,469	46,428	4,258
Forward exchange contracts			
Notional amounts	12,300	35,471	2,000
Net unhedged exposure	27,169	10,957	2,258
2008			
Foreign currency risk			
Investments	52,646	60,901	10,037
Net balance sheet exposure before hedging activity	52,646	60,901	10,037
Forward exchange contracts			
Notional amounts	16,745	-	5,900
Net unhedged exposure	35,901	60,901	4,137

Notes to the financial statements

18 Financial instruments (continued)

The foreign currency risk of certain investments is managed within the fund. The Trust is unable to quantify the extent that this risk is managed.

In New Zealand Dollars (\$'000's)

Interest risk - 2009

Interest rate risk at 31 March 2009 occurs in the following investments:

	Carrying amount \$'000	Percentage covered by interest rate swaps
New Zealand cash	89,140	25%
New Zealand fixed interest	189,159	-
Global bonds	32,524	-
Emerging market debt	18,296	-
Alternative Assets	5,774	-
	334,893	

Interest risk - 2008

Interest rate risk at 31 March 2008 occurs in the following investments:

	Carrying amount \$'000	Percentage covered by interest rate swaps
New Zealand cash	187,773	10%
New Zealand fixed interest	103,619	-
Global bonds	32,883	-
Emerging market debt	22,431	-
Alternative Assets	18,926	21%
	365,632	

Interest rate risk is managed by cross currency interest rate swaps. At 31 March 2009 the Group had interest rate swaps denominated in Australian dollars of A\$10,000,000 (2008: A\$20,500,000), and Euros of E4,000,000 (2008: E9,000,000). In 2008 the Group also had New Zealand dollar denominated interest rate swaps of \$30,000,000 and US dollar demoninated swaps of US\$2,000,000. At balance date the remaining term on the interest rates swaps did not exceed 2 years.

Notes to the financial statements

18 Financial instruments (continued)

Capital management

The Group's capital includes Core Real Capital Base Reserve, Accumulated Income Reserve and Capital Base Reserve.

The Group's policy is to maintain a strong capital base so as to maintain investor confidence and to sustain future development of the Trust.

The Group is not subject to any externally imposed capital requirements.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Trustees.

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

Sensitivity analysis

In managing interest rate and currency risks, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates will have an impact on profit.

In New Zealand Dollars (\$000's)

At 31 March 2009, it is estimated that a general increase/(decrease) of one percentage point in interest rates would increase the Group's profit before income tax by approximately \$14,060,000 (2008: \$4,500,000). Interest rate swaps have been included in this calculation.

This calculation has been performed by determining which of the Group's financial assets are impacted by market interest rates, as opposed to those with fixed interest rates or variable interest rates where the interest rate risk is managed by way of interest rate swap derivatives. The fair value of the investments are then recalculated under a scenario where interest rates are one percentage point higher.

It is estimated that a general increase/(decrease) of 15 percentage point in the value of the New Zealand dollar against other foreign currencies would have decreased/(increased) the Group's profit before income tax by approximately \$10,909,000 for the year ended 31 March 2009. For the year ending 31 March 2008 a one percentage point increase/(decrease) in the value of the New Zealand dollar would have decreased/(increased) the Group's profit before tax by \$850,000. The forward exchange contracts have been included in this calculation.

This calculation is performed by firstly determining which financial assets are denominated in an overseas currency and where the exchange rate risk is not managed by way of foreign exchange contracts. A calculation is then performed to simulate the impact of a change in the value of the New Zealand dollar.

Estimation of fair value

The methods used in determining the fair values of financial instruments are discussed in note 4.

Notes to the financial statements

(In New Zealand Dollars (\$'000's))

19 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group 2009	2008
Less than one year	1	6
Between one and five years	-	0
More than five years	-	-
	1	6

Leases as lessor

The Group leases out its investment property held under operating leases (see note 11). The future minimum lease payments under non-cancellable leases are as follows:

	Group 2009	2008
Less than one year	1,819	1,632
Between one and five years	4,903	2,751
More than five years	1,631	1,567
	8,353	5,950

(In New Zealand Dollars (\$'000's))

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

	Note	Group 2009	2008
Profit/(loss) for the year		-26,533	-4,287
Adjustments for:			
Depreciation		99	77
Change in fair value of investment property	11	1,814	-1,077
Managed funds income (gains)/losses		50,821	37,725
Change in trade and other receivables		567	216
Change in trade and other payables		6	-66
Net cash from operating activities		26,774	32,588

Notes to the financial statements

21 Related parties

Transaction with key management personnel

Key management personnel compensation

Key management personnel compensation comprised:

	Group 2009	2008
Salaries and trustee fees	335	298

22 Group entities

Significant subsidiaries

	Country of ownership incorporation	Interest (%)	
		Group 2009	2008
Canterbury Trust House Limited	New Zealand	100%	100%
Canterbury Community Trust Charities Limited	New Zealand	100%	100%
Canterbury Direct Investments Limited	New Zealand	100%	100%
Amateur Game or Sport Promoter Limited	New Zealand	100%	100%
District Improvement Organisation Limited	New Zealand	100%	100%

23 Subsequent event

There were no subsequent events after the year end of 31 March 2009 (2008 none).



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Auditors' Report

To the Trustees of The Canterbury Community Trust

We have audited the financial statements on pages 2 to 22. The consolidated financial statements provide information about the past financial performance and cash flows of the Trust and subsidiaries for the year ended 31 March 2009 and their financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 5 to 10.

Trustees' Responsibilities

The Trustees are responsible for the preparation and presentation of the consolidated financial statements which give a true and fair view of the financial position of the Trust and subsidiaries as at 31 March 2009 and their financial performance and cash flows for the year ended on that date.

Auditors' Responsibilities

We are responsible for expressing an independent opinion on the financial statements presented by the Trustees and reporting our opinion to you.

Basis of Opinion

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

- (a) the significant estimates and judgements made by the Trustees in the preparation of the financial statements; and
- (b) whether the accounting policies are appropriate to the circumstances of the Trust and subsidiaries, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give 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.

We have no relationship with or interests in the Trust or any of its subsidiaries other than in our capacity as auditors.

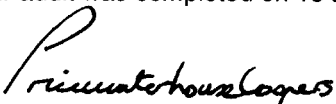
Unqualified Opinion

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

In our opinion:

- (a) proper accounting records have been kept by the Trust as far as appears from our examination of those records; and
- (b) the consolidated financial statements on pages 2 to 22:
 - (i) comply with generally accepted accounting practice in New Zealand;
 - (ii) comply with International Financial Reporting Standards; and
 - (iii) give a true and fair view of the financial position of the Trust and subsidiaries as at 31 March 2009 and their financial performance and cash flows for the year ended on that date.

Our audit was completed on 13 July 2009 and our unqualified opinion is expressed as at that date.


Chartered Accountants

Christchurch