

# THE WAIKATO COMMUNITY TRUST INCORPORATED

## **SUMMARISED FINANCIAL STATEMENTS** FOR THE

### YEAR ENDED 31 MARCH 2011

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#### **DIRECTORY FOR THE YEAR ENDED** 31 MARCH 2011

**PRINCIPAL ACTIVITIES:** Investment and Donations

**TRUSTEES:** Anderson, Josie (Retired 31 May 2010)  
 Astle, Dennis (Retired 31 May 2010)  
 Baddeley, Clint (Deputy Chair to 28 February 2011, Chair from 1 March 2011)  
 Barriball, Peggy (Appointed 1 June 2010)  
 Doube, Bernadette (Retired 31 May 2010)  
 Gillespie, John  
 Hosking, Bruce (Investment Committee Chair)  
 Karalus, Peta (Deputy Chair to 31 May 2010, Chair from 1 June 2010, Retired 28 February 2011)  
 Kilbride, John (Chair, Retired 31 May 2010)  
 McConnell, Angus  
 Muru, Judith  
 Paenga, John (Appointed 1 June 2010)  
 Purnell, Max (Retired 24 November 2010)  
 Roa, Pam  
 Sporle, Raewyn (Appointed 25 November 2010)  
 Tan, Fee-Ching  
 Van der Heyden, Ali (Appointed 1 June 2010)  
 Viggers, Maxine (Appointed 1 June 2010)  
 Yates, Dianne

**CHIEF EXECUTIVE:** Bev Gatenby

**SECRETARY:** Geoff Balme

**ACCOUNTANTS:** PricewaterhouseCoopers, Hamilton

**AUDITORS:** KPMG, Hamilton

**BANKERS:** Westpac Limited, Hamilton

### SUMMARISED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 NZ\$'000	2010 NZ\$'000
Revenue	2	10,182	9,281
Realised and Unrealised Gains / (Losses)	3	10,842	36,300
Total Operating Expenses		(10,029)	(9,166)
<b>SURPLUS FROM OPERATIONS</b>		<b>10,995</b>	<b>36,415</b>

Total Comprehensive Income for the year applied to Trust Funds

### SUMMARISED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2011

	2011 NZ\$'000	2010 NZ\$'000
<b>TRUST FUNDS AS AT 1 APRIL</b>	<b>243,742</b>	<b>207,327</b>
Surplus for the year	10,995	36,415
<b>TRUST FUNDS AS AT 31 MARCH</b>	<b>254,737</b>	<b>243,742</b>

### THE WAIKATO COMMUNITY TRUST INCORPORATED SUMMARISED CASH FLOW STATEMENT

	Notes	2011 NZ\$'000	2010 NZ\$'000
Net Cash Flow from Operating Activities	4	478	12
Net Cash Flow from Investing Activities		(183)	(95)
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>295</b>	<b>(83)</b>
<b>Cash and Cash Equivalents at the Beginning of the Financial Year</b>		<b>102</b>	<b>185</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>		<b>397</b>	<b>102</b>

### SUMMARISED BALANCE SHEET AS AT 31 MARCH 2011

	Notes	2011 NZ\$'000	2010 NZ\$'000
<b>EQUITY</b>			
<b>Trust Funds</b>		<b>254,737</b>	<b>243,742</b>
<b>TOTAL EQUITY</b>		<b>254,737</b>	<b>243,742</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables		265	174
Donations Payable		1,480	1,480
Employee Entitlements		35	23
Derivative Financial Instruments		1,550	-
		<b>3,330</b>	<b>1,677</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>258,067</b>	<b>245,419</b>
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents		397	102
Trade and Other Receivables		26	10
Derivative Financial Instruments		-	590
		<b>423</b>	<b>702</b>
<b>NON CURRENT ASSETS</b>			
Financial Assets at Fair Value through Profit or Loss	5	253,518	240,795
Property, Plant and Equipment		2,746	2,701
Sport Waikato Loan	6	1,222	1,121
Database Loan	7	158	100
		<b>257,644</b>	<b>244,717</b>
<b>TOTAL ASSETS</b>		<b>258,067</b>	<b>245,419</b>

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



Clint Baddeley  
TRUSTEE

20 June 2011.



Bruce Hosking  
TRUSTEE

20 June 2011.

These summary financial statements must be read in conjunction with the notes on pages 16 to 19

# THE WAIKATO COMMUNITY TRUST INCORPORATED NOTES TO AND FORMING PART OF THE SUMMARISED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

## 1. STATEMENT OF ACCOUNTING POLICIES

### Background

These are the summarised financial statements of The Waikato Community Trust Incorporated. The Trust was incorporated on 5 August 1988 with Trust capital of \$21,316,622.

These summarised financial statements are prepared in compliance with FRS - 43 'Summary Financial Statements' and have been extracted from the full audited financial statements for the year ended 31 March 2011 which were authorised for issue on 20 June 2011. Summarised financial statements cannot be expected to provide as complete an understanding as provided by the full financial statements, which can be obtained from the office of the Trust or from the Trust's website [www.trustwaikato.co.nz](http://www.trustwaikato.co.nz).

The full financial statements have been subject to audit by KPMG and an unmodified audit report was issued on 20 June 2011. The audit concluded that the full financial statements "give a true and fair view of the financial position of the Trust as at 31 March 2011 and its financial performance and cashflows for the year then ended". These summarised financial statements were authorised by the Trustees for issue on 20 June 2011 and have been examined by KPMG for consistency with the full financial statements.

### Statement of Compliance

The Trust's full 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 which are stated at their fair value.

## 2. REVENUE

	2011 NZ\$'000	2010 NZ\$'000
<b>Comprises:</b>		
Dividends	6,706	4,530
Interest	3,447	4,707
Rent	22	25
Other Income	7	19
	<b>10,182</b>	<b>9,281</b>

## 3. REALISED AND UNREALISED GAINS / (LOSSES)

	2011 NZ\$'000	2010 NZ\$'000
Gains / (Losses) on Financial Assets at Fair Value Through Profit or Loss	8,593	26,933
Gains / (Losses) on Derivative Financial Instruments	2,249	9,367
	<b>10,842</b>	<b>36,300</b>

## 4. CASH FLOW RECONCILIATION

	2011 NZ\$'000	2010 NZ\$'000
<b>SURPLUS FOR THE YEAR</b>	<b>10,995</b>	<b>36,415</b>
Adjust for non-cash items	(19)	(10)
Impact of changes in assets and liabilities: (10,498)		(36,393)
<b>Net cash inflow from operating activities</b>	<b>478</b>	<b>12</b>

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

The Trust uses the services of an investment advisor to pursue an investment policy considered appropriate for the Trust. The Trust selects fund managers according to their style and specialist skills including the ability to protect capital in negative or down markets. In the year to 31 March the Trust began implementing the following strategic asset allocations:

	2011	2010
Australasian Equities (2010 - New Zealand)	15.0%	10.0%
New Zealand Fixed Interest	10.0%	10.0%
New Zealand Cash	5.0%	5.0%
Global Equities	25.0%	27.5%
Global Fixed Interest	25.0%	47.5%
Property Fund	10.0%	-
Alternatives (Infrastructure Fund)	10.0%	-
	<b>100.0%</b>	<b>100.0%</b>
Global Equities	68,504	74,412
New Zealand Fixed Interest and Cash	43,069	39,254
Australasian Equities	39,738	25,294
Global Fixed Interest	74,806	101,835
Property Fund	25,550	-
Alternatives (Infrastructure Fund)	1,851	-
	<b>253,518</b>	<b>240,795</b>

## 6. SPORT WAIKATO LOAN

The loan to Sport Waikato is secured by a first ranking General Security Agreement (GSA) in favour of the Trust over all of Sport Waikato's present and after-acquired property with a first priority amount of no less than \$2,000,000 and by a first Mortgage over Sport Waikato's leasehold estate and interest in their site at Wintec. The loan is interest free and repayable in one sum by 19 August 2013. The loan balance is made up as follows:

	2011 NZ\$'000	2010 NZ\$'000
Loan Principal	1,500	1,500
Fair Value Adjustment on Initial Recognition of Interest Free Loan	(525)	(525)
Cumulative Notional Interest	247	146
	<b>1,222</b>	<b>1,121</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 \$1,290,866 (2010 - \$1,170,758). The cumulative notional interest is calculated at 9% which was the rate used when the fair value of the loan was calculated at inception. The fair value calculation is based on the 2.5 (2010 - 3.5) year bank loan rate of 6.5% (2010 - 7.6%).

## 7. DATABASE LOAN

The Trust and ten of the other eleven Community Trusts established under the 1988 Trustee Bank Restructuring Act are combining resources to own and operate an integrated donation management and financial management information system. The system is currently being developed and once completed will be owned and operated by a limited partnership named Te Kete Putea Limited Partnership (TKPLP), which is likely to be established in the first half of the new financial year. The total cost of the project is expected to be in the order of \$1.5m. The Trust's estimated contribution to these costs is 8.16%.

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

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

## 8. DONATIONS

On 27 April 2011 the Waikato Times published a list totalling \$6,476,750 which showed the donations approved by the Trust during the year ended 31 March 2011.

	\$
Total donations published in the Waikato Times	6,476,750
Less: Future conditional commitments included in above:	
Matamata Netball Centre	(10,000)
Motiti Marae	(12,000)
Rauawaawa Kaumatua Charitable Trust	(16,000)
Te Awa River Ride Charitable Trust	(100,000)
Te Papa-o-Rotu Marae	(70,000)
Te Whanau Putahi	(50,000)
Waikato Hockey Charitable Trust	(32,000)
	<b>(290,000)</b>
Add: Past conditional commitments paid during year:	
Cambridge BMX Club	30,000
Eastlink - Lugton Park Combined Sports Association	55,000
Hamilton Hydrotherapy Pool Charitable Trust	130,000
Hamilton Roller Skating Club	10,000
Hauraki Plains Netball Association Inc	31,000
Hora Hora Marae	95,000
Morrinsville Historical Society Inc	75,000
Motiti Marae	20,000
Ngati Koroki Kahukura Trust	15,000
Ngati Maniapoto Marae Pact Trust Inc	170,000
Pouakani Marae Trustees	200,000
Purekireki Marae Committee	60,000
Raglan and District Museum Society	60,000
Raglan and District Museum Society	60,000
Raglan Cultural and Events Trust	15,000
Te Ihingarangi Marae	50,000
Te Whare Kura a Manaia	65,000
Totara Springs Christian Centre	70,000
Waikato Community Hospice Trust	20,000
	<b>1,231,000</b>
Less: Donations refunded during year:	
Ngati Pukenga ki Waiiau Society Inc	(2,500)
Habitat for Humanity Central North Island	(1,600)
Back Up New Zealand	(4,000)
River Action Focus Group	(5,000)
Waihi Social Development Group	(7,126)
	<b>(20,226)</b>
<b>Total donations for the year shown in the Statement of Comprehensive Income</b>	<b>7,397,524</b>

A full list of donations is available on request from the Trust office, or at [www.trustwaikato.co.nz](http://www.trustwaikato.co.nz)

## 9. MEETING ATTENDANCE

The Trust held 29 formal meetings during the year. The following table records each Trustee's attendance at these formal meetings:

Trustee	Meeting Attendance	Honorarium	Meeting Fee	Total
	\$	\$	\$	
Anderson, Josie (Retired 31 May 2010)	2	512	700	1,212
Astle, Dennis (Retired 31 May 2010)	3	512	1,050	1,562
Baddeley, Clint (Deputy chair to 28 February 2011, Chair from 1 March 2011)	24	5,846	11,135	16,981
Barriball, Peggy (Appointed 1 June 2010)	19	2,558	7,245	9,803
Doube, Bernadette (Retired 31 May 2010)	2	512	350	862
Gillespie, John	24	3,070	10,465	13,535
Hosking, Bruce (Investment Committee Chair)	25	4,070	27,690	31,760
Karalus, Peta (Deputy Chair to 31 May 2010, Chair from 1 June 2010, Retired 28 February 2011)	14	9,524	15,435	24,959
Kilbride, John (Chair, Retired 31 May 2010)	3	1,900	2,055	3,955
McConnell, Angus	16	3,070	6,895	9,965
Muru, Judith	23	3,070	8,015	11,085
Paenga, John (Appointed 1 June 2010)	19	2,558	8,925	11,483
Purnell, Max (Retired 24 November 2010)	16	2,047	5,950	7,997
Roa, Pam	24	3,070	9,800	12,870
Sporle, Raewyn (Appointed 25 November 2010)	3	1,023	840	1,863
Tan, Fee-Ching	20	3,070	8,925	11,995
Van der Heyden, Ali (Appointed 1 June 2010)	16	2,558	6,090	8,648
Viggers, Maxine (Appointed 1 June 2010)	22	2,558	9,100	11,658
Yates, Dianne	25	3,070	12,880	15,950
<b>Total Remuneration</b>				<b>208,143</b>

During the year the Trustees and Trust staff were invited to 193 separate formal and informal meetings and functions. The Trust was able to achieve representation at approximately 164 of these meetings and functions.

## 10. CONTINGENT LIABILITIES AND COMMITMENTS

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

	2011 NZ\$'000	2010 NZ\$'000
Total Contingent Liabilities	4,512	5,937
Subject to fulfilment of the conditions, the Contingent Liabilities are payable as follows:		
Not later than 1 year	693	2,668
Later than 1 year and not later than 5 years	3,819	3,269
	<b>4,512</b>	<b>5,937</b>

The Trust has made a commitment to invest \$8,000,000 in an investment fund. To date \$1,822,000 has been invested in this fund. The balance of \$6,178,000 will be invested if the fund manager identifies suitable investment vehicles. The investment will be funded by realising other investments currently held by the Trust (2010 - nil).

## 11. 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:

	2011 NZ\$'000	2010 NZ\$'000
Short Term Trustee and Employee Benefits	369	352
	<b>369</b>	<b>352</b>

### Transactions with Executives

Executives were related to organisations that received donations totalling \$35,000 (2010 - \$42,000) during the year. Interests were declared when these donations were considered and key management took no part in deliberations relating to organisations in which they had an interest.

There are no outstanding balances at balance date.

### Transactions with Trustees

Trustees were related to organisations that received donations totalling \$249,000 (2010 - \$486,500) during the year. Interests were declared when these donations were considered and Trustees took no part in deliberations relating to organisations in which they had an interest.

There are no outstanding balances at balance date.

## 12. 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.