



AUDITOR'S REPORT and FINANCIAL STATEMENTS

2014-2015

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**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF
THE COMMUNITY TRUST OF WELLINGTON**

Report on the Financial Statements

We have audited the financial statements of The Community Trust of Wellington on pages 1 to 13, which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Trustees, as a body, in accordance with the Trust Deed. Our audit has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Trustees Responsibility for the Financial Statements

The Trustees are responsible for the preparation and fair presentation of financial statements, in accordance with generally accepted accounting practice in New Zealand, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor, we have no relationship with or interests in The Community Trust of Wellington.

Opinion

In our opinion, the financial statements on pages 1 to 13 present fairly, in all material respects, the financial position of The Community Trust of Wellington as at 31 March 2015, and its financial performance for the year ended on that date in accordance with generally accepted accounting practice in New Zealand.



Chartered Accountants
3 June 2015
Wellington, New Zealand

This audit report relates to the financial statements of The Community Trust of Wellington for the year ended 31 March 2015 included on The Community Trust of Wellington's website. The Trustees are responsible for the maintenance and integrity of The Community Trust of Wellington's website. We have not been engaged to report on the integrity of The Community Trust of Wellington's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 3 June 2015 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

WELLINGTON COMMUNITY TRUST

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 March 2015

	Notes	2015 \$	2014 \$
Revenue			
Investment income	2	8,544,624	5,511,088
Interest received from banks		218,949	190,420
Interest received on Karori Sanctuary Trust loan		35,148	40,374
Rental income		40	8,640
Other income		308	4,000
Total Revenue		<u>8,799,069</u>	<u>5,754,522</u>
Expenditure			
Donation expense		0	9,573
Fund management expenses		381,234	438,951
Personnel expenses	4	228,950	231,780
Trustee expenses		10,148	6,243
Trustee fees		60,602	60,602
Operating costs	3	104,997	177,953
Other expenses	5	18,167	19,057
Total Expenditure		<u>804,098</u>	<u>944,159</u>
Surplus before donations		7,994,971	4,810,363
Donations		1,251,210	1,166,789
Surplus for the year		6,743,761	3,643,574
Total Comprehensive income for the year		<u>6,743,761</u>	<u>3,643,574</u>

The accompanying notes form part of these financial statements.

WELLINGTON COMMUNITY TRUST

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 March 2015

	2015	2014
	\$	\$
Opening Equity	55,115,501	51,471,927
Total Comprehensive income for the year	6,743,761	3,643,574
Total movements in equity for the year	<u>6,743,761</u>	<u>3,643,574</u>
Equity at 31 March	<u>61,859,262</u>	<u>55,115,501</u>

The accompanying notes form part of these financial statements.

WELLINGTON COMMUNITY TRUST

BALANCE SHEET

As at 31 March 2015

	Notes	2015 \$	2014 \$
Current assets			
Cash and cash equivalents	10	679,352	454,295
Held-to-maturity investments	10	4,206,805	4,700,283
Trade receivables		58,325	70,019
Prepayments		8,689	5,348
Karori Sanctuary Trust	9	100,000	100,000
GST Receivable		18,666	22,390
Investments at fair value through profit or loss	7	56,369,140	49,350,381
Total current assets		61,440,977	54,702,716
Current liabilities			
Trade and other payables		39,697	147,808
Total current liabilities		39,697	147,808
Working capital		61,401,280	54,554,908
Non-current assets			
Property, plant and equipment	6	9,648	7,259
Combined community trust database project - loan advance		15,000	20,000
Karori Sanctuary Trust	9	433,334	533,334
Total non-current assets		457,982	560,593
Net assets		61,859,262	55,115,501
Equity			
Trust equity brought forward		55,115,501	51,471,927
Total comprehensive income for the year		6,743,761	3,643,574
Total Equity		61,859,262	55,115,501

For and on behalf of the Board of Trustees

Chairperson



Trustee



Date

3 June 2015

The accompanying notes form part of these financial statements.

WELLINGTON COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2015

NOTE 1 Statement of significant accounting policies

Reporting entity

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

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

Basis of Preparation

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

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

Differential Reporting

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

Specific Accounting Policies

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

(a) Revenue

Rental revenue in relation to operating leases is recognised in the Statement of Comprehensive Income on a straight-line basis over the lease term.

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

(b) Income tax

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

WELLINGTON COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2015

(c) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment.

(d) Depreciation

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

Furniture	9% - 18%
Equipment	33% - 80.4%

(e) Investments including investments in managed funds

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

(f) Financial instruments

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

Held-to-maturity investments

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

Investments at fair value through profit or loss

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

WELLINGTON COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2015

recognition, financial instruments at fair value through profit or loss are measured at fair value and changes therein are recognised in the Statement of Comprehensive Income.

Loans and receivables

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

Cash and cash equivalents comprise cash balances and call deposits.

(g) Impairments

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

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

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

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

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

(h) Operating leases

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

Donations

Donations are paid when approved by the Trustees, and donations are recognised as an expense when they are paid.

WELLINGTON COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Note 2 Investment income

	2015	2014
	\$	\$
Portfolio income-realised revenue	2,589,170	3,018,069
Net change in fair value of financial assets	5,955,454	2,493,019
Total investment income	8,544,624	5,511,088

Total investment income is net of some fund management fees paid to fund managers which are deducted within their respective fund. As a result, these amounts are not included in the Fund Management Fee expense line on the Statement of Comprehensive Income.

Note 3 Operating costs

	2015	2014
	\$	\$
ACC levy	746	665
Awards projects	0	48,844
Bank charges	116	114
Computer expenses	20,187	8,337
Consultants/contract employees	13,143	18,259
Conventions and seminars	0	20,450
Equipment rental	1,497	1,388
General Expenses	130	0
Governance costs	0	3,791
Insurance - office	1,082	1,851
Insurance - professional	5,447	3,640
Light and power	1,840	3,048
Postage and stationery	6,585	10,550
Professional fees	3,026	1,019
Rent	39,443	33,123
Repairs and maintenance	288	1,263
Subscriptions	5,500	3,175
Telecommunication expenses	3,108	13,454
Tenancy expenses	1,475	4,647
Travel expenses	184	335
Website Maintenance	1,200	0
Total operating costs	104,997	177,953

Note 4 Personnel expenses

	2015	2014
	\$	\$
Wages and salaries	226,207	228,939
Other staff expenses	2,743	2,841
Total personnel expenses	228,950	231,780

WELLINGTON COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 March 2015

Changes in accounting policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

WELLINGTON COMMUNITY TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015**

Note 5 Other expenses

	2015	2014
	\$	\$
Audit fees	10,760	9,489
Depreciation and amortisation	7,407	9,568
Total other expenses	<u>18,167</u>	<u>19,057</u>

Note 6 Property, plant and equipment

	2015	2014
	\$	\$
Opening balance at cost	26,228	27,062
Purchases	4,798	5,450
Disposals	0	(6,284)
Less accumulated depreciation	(21,378)	(18,969)
Net book Value	<u>9,648</u>	<u>7,259</u>
Depreciation charge for the year	2,407	2,186

Note 7 Financial assets designated as fair value through profit or loss

	2015	2014
	\$	\$
ANZ Ltd - International equities	20,554,395	16,432,223
ANZ Ltd - Australasian equities	5,230,344	6,120,489
ANZ Ltd - Global Properties	4,783,350	0
Colonial First State - Infrastructure fund	4,720,082	2,583,822
Mint Asset Management Ltd - Trans-Tasman properties	0	5,024,360
Harbour Asset Management - New Zealand fixed interest	5,421,978	0
Fisher Funds Ltd - International fixed interest	10,723,109	13,206,181
Devon Funds Management Ltd - Australasian Equities	2,252,300	2,950,605
AMP Fund Investments - International fixed interest	2,683,582	3,032,701
Total financial assets designated as fair value	<u>56,369,140</u>	<u>49,350,381</u>

Note 8 Held-to-maturity investments

	2015	2014
	\$	\$
ASB term deposit - 087	500,000	546,112
ASB term deposit - 086	306,805	350,000
ASB term deposit - 085	0	400,000
BNZ term deposit - 3045	1,000,000	1,300,000
Westpac term deposit	800,000	0
ANZ term deposit - 51000	800,000	1,000,000
Kiwibank term deposit	800,000	1,104,171
Total Held-to-maturity investments	<u>4,206,805</u>	<u>4,700,283</u>

WELLINGTON COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Note 9 Loans and receivables

	2015	2014
	\$	\$
Karori Sanctuary Trust		
Current portion	100,000	100,000
Term portion	433,334	525,000
Total Karori Sanctuary Trust	<u>533,334</u>	<u>625,000</u>

The loan is guaranteed by the Wellington City Council. The loan has a repayment term of 15 years which commenced on 1 August 2005. The interest rate is calculated against an agreed formula. The rate for the year under review was 6.32%.

Note 10 Financial instruments

Significant accounting policies

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

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

Fair value

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

Liquidity risk

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

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

Credit risk

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

WELLINGTON COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Note 10 Financial instruments continued

	2015	2014
	\$	\$
Cash	679,352	454,295
Short term deposits	4,206,805	4,700,283
Fixed interest - offshore	13,406,691	16,238,882

The significant counterparties of the Trust are its investment managers: ANZ Investments, Fisher Funds, Harbour Asset Management, Colonial First State, Devon Fund Management Ltd and AMP Fund Investments which the Trustees consider to be financial institutions of high quality. The investments are held in trust by the investment managers for the benefit of the Trust. The managers operate within the policy approved by the Trustees.

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

Currency risk

The Trust is indirectly exposed to currency risk in that future currency movements will affect the valuation of investments in unitised products which invest in foreign currency denominated investments.

Interest rate risk

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

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

Note 11 Contingent liabilities

There are no contingent liabilities as at 31 March 2015 (2014 Nil).

WELLINGTON COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Note 12 Commitments

Donations

As at 31 March 2015 the Trust has the following commitments:

	2015	2014
	\$	\$
Less than one year	84,000	50,000
More than one year	166,000	0
	<u>250,000</u>	<u>50,000</u>

Lease commitments

Commitments existed for non-cancellable operating leases as follows:

	2015	2014
	\$	\$
Less than one year	39,443	33,202
More than one year	157,772	66,404
	<u>197,215</u>	<u>99,606</u>

Capital commitments

There are no capital commitments as at 31 March 2015 (2014 Nil).

Note 13 Related party transactions

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

	2015	2014
	\$	\$
Liz Kelly		
Pacific Health Services Porirua (Creekfest)	0	7,500
Porirua Whanau Centre Trust (Creekfest)	7,500	0

Liz Kelly is a Trustee of the Trust and is also the Chief Executive of Porirua Whanau Centre.

Dawn Sanders

Shakespeare Globe Centre New Zealand	8,000	5,000
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Dawn Sanders is a Trustee of the Trust and is also the Chief Executive Officer of the Shakespeare Globe Centre New Zealand.

WELLINGTON COMMUNITY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

Note 13 Related party transactions continued

	2015	2014
	\$	\$
Mark Cassidy		
Children's Grief Centre Charitable Trust	7,421	15,321

Mark Cassidy is the Chief Executive of the Trust and also a Trustee of the Children's Grief Centre Charitable Trust.

Clare Needham		
Dance Aotearoa New Zealand	5,000	5,000

Clare Needham is a Trustee of the Trust and was also a Director of Dance Aotearoa New Zealand Limited until April 2014.

Note 14 Subsequent events

There were no material events subsequent to balance date.

Note 15 Trustees Indemnity Liability Insurance

Trustees' indemnity liability insurance of \$5,447 (2014 \$3,640) has been paid by the Trust as approved by the Trustees under the Community Trusts Act 1999.