

**THE WAIKATO COMMUNITY
TRUST INCORPORATED**

FINANCIAL STATEMENTS

*FOR THE YEAR ENDED
31 MARCH 2019*

THE WAIKATO COMMUNITY TRUST INCORPORATED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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THE WAIKATO COMMUNITY TRUST INCORPORATED

DIRECTORY FOR THE YEAR ENDED 31 MARCH 2019

PRINCIPAL ACTIVITIES: Investment and Grants

TRUSTEES: Wilson, Edgar (Appointed to Chair 25 October 2018, previously Deputy Chair)
Barker, Norman (Retired 22 July 2018)
Barriball, Peggy (Retired 22 July 2018)
Chew, Alan
Christian, Carolyn
Cox, Anna (Appointed 10 December 2018)
Eketone, Janise (Appointed 23 July 2018)
Feng, Chong
Flatt, Christopher (Appointed 23 July 2018)
Follows, Trevor
Kedzlie, Michael
McLennan, Vicky (Appointed to Deputy Chair 25 October 2018, previously trustee)
Noble, Bill
Nuri, Niwa (Retired from Chair 25 October 2018, remains trustee)
Paenga, John (Retired 22 July 2018)
Rahman, Anjum (Appointed 23 July 2018)
Sporle, Raewyn (Retired 22 July 2018)

CHIEF EXECUTIVE: Turton, Dennis

ACCOUNTANTS: PricewaterhouseCoopers
Hamilton

AUDITORS: KPMG
Hamilton

BANKERS: Bank of New Zealand
Auckland

PHYSICAL ADDRESS: 4 Little London Lane
Hamilton 3240

POSTAL ADDRESS: PO Box 391
Hamilton 3240

WEBSITE: www.trustwaikato.co.nz

THE WAIKATO COMMUNITY TRUST INCORPORATED

STATEMENT OF COMPREHENSIVE REVENUE & EXPENSES
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 NZ\$'000	2018 NZ\$'000
Revenue			
Revenue from Exchange Transactions			
Interest, Dividends and Other Investment Revenue	4	34,313	38,378
Rental Revenue		22	22
Other Revenue		14	-
<i>Total Exchange Transactions</i>		<u>34,349</u>	<u>38,400</u>
<i>Total Revenue</i>		<u><u>34,349</u></u>	<u><u>38,400</u></u>
Other Gains/(Losses)			
Gain/(Loss) on Disposal of Intangible Assets		(7)	-
Expenses			
Employee Benefits		(920)	(789)
Investment Expenses		(3,943)	(3,999)
Trustee Honoraria	13	(177)	(183)
Other Expenses		(611)	(643)
Depreciation and Impairment	10	(111)	(68)
Amortisation		(9)	(9)
<i>Total Expenses</i>		<u>(5,771)</u>	<u>(5,691)</u>
Surplus for the Year Before Distributions		28,571	32,709
Distributions			
Grants	16.2	(11,705)	(10,542)
Sponsorships		(101)	(251)
<i>Total Distributions</i>		<u>(11,806)</u>	<u>(10,793)</u>
OPERATING SURPLUS		16,765	21,916
Other Comprehensive Revenue & Expenses			
Land Revaluation Surplus	10 & 11	36	-
TOTAL COMPREHENSIVE REVENUE & EXPENSES FOR THE YEAR		<u><u>16,801</u></u>	<u><u>21,916</u></u>

These financial statements must be read in conjunction with the notes on pages 8 to 51.

THE WAIKATO COMMUNITY TRUST INCORPORATED

STATEMENT OF CHANGES IN TRUST FUNDS
FOR THE YEAR ENDED 31 MARCH 2019

	2019					Total Trust Funds NZ\$'000
	Base Capital Value (Note 5) NZ\$'000	Investment Fluctuation Reserve (Note 5) NZ\$'000	Grants Reserve (Note 5) NZ\$'000	Land Revaluation Reserve (Note 5) NZ\$'000	Comprehensive Revenue and Expenses NZ\$'000	
Balance at 1 April 2018	292,782	73,196	24,986	2,205	-	393,169
Total Comprehensive Revenue & Expenses for the Year	-	-	-	-	16,801	16,801
Transfers to Reserves	5,597	1,399	9,769	36	(16,801)	-
Balance at 31 March 2019	298,379	74,595	34,755	2,241	-	409,970

	2018					Total Trust Funds NZ\$'000
	Base Capital Value (Note 5) NZ\$'000	Investment Fluctuation Reserve (Note 5) NZ\$'000	Grants Reserve (Note 5) NZ\$'000	Land Revaluation Reserve (Note 5) NZ\$'000	Comprehensive Revenue and Expenses NZ\$'000	
Balance at 1 April 2017	288,446	72,112	8,490	2,205	-	371,253
Total Comprehensive Revenue & Expenses for the Year	-	-	-	-	21,916	21,916
Transfers to Reserves	4,336	1,084	16,496	-	(21,916)	-
Balance at 31 March 2018	292,782	73,196	24,986	2,205	-	393,169

These financial statements must be read in conjunction with the notes on pages 8 to 51.


THE WAIKATO COMMUNITY TRUST INCORPORATED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Notes	2019 NZ\$'000	2018 NZ\$'000
TRUST FUNDS			
Base Capital Value	5	298,379	292,782
Investment Fluctuation Reserve	5	74,595	73,196
Grants Reserve	5	34,755	24,986
Land Revaluation Reserve	5	2,241	2,205
TOTAL TRUST FUNDS		409,970	393,169
CURRENT LIABILITIES			
Accounts Payable and Accruals		330	866
Income in Advance		46	162
Grants Payable		2,050	1,700
Derivative Financial Instruments		284	331
		2,710	3,059
TOTAL TRUST FUNDS AND LIABILITIES		412,680	396,228
CURRENT ASSETS			
Cash and Cash Equivalents		2,736	626
Accounts Receivable		53	263
Assets Classified as Held for Sale	11	694	-
		3,483	889
NON CURRENT ASSETS			
Investments	7	403,127	388,799
Property, Plant and Equipment	10	6,070	6,524
Intangible Assets		-	16
		409,197	395,339
TOTAL ASSETS		412,680	396,228

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

Trustee:



Trustee:



Date:

18 July 2019

Date:

18 July 2019

These financial statements must be read in conjunction with the notes on pages 8 to 51.

THE WAIKATO COMMUNITY TRUST INCORPORATED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 NZ\$'000	2018 NZ\$'000
CASH FLOW FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Net Realisation of Investments		16,435	14,496
Interest		39	24
Other Income		182	159
		16,656	14,679
<i>Cash was applied to:</i>			
Grants		(11,355)	(10,542)
Sponsorships		(101)	(251)
Payments to Suppliers, Trustees and Employees		(2,818)	(2,389)
		(14,274)	(13,182)
Net Cash Provided from Operating Activities	12	2,382	1,497
CASH FLOW FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Sale of Property, Plant and Equipment	10	13	15
		13	15
<i>Cash was applied to:</i>			
Purchase of Property, Plant and Equipment	10	(285)	(2,143)
		(285)	(2,143)
Net Cash Used in Investing Activities		(272)	(2,128)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		2,110	(631)
Cash and Cash Equivalents at the Beginning of the Year		626	1,257
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		2,736	626

These financial statements must be read in conjunction with the notes on pages 8 to 51.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1 REPORTING ENTITY

These financial statements are for The Waikato Community Trust Inc ("the Trust"). The Trust is a not for profit charitable trust incorporated under the Charitable Trusts Act 1957, based in the Waikato and domiciled in New Zealand. Its principal activities are the investment and maintenance of the Trust capital and the provision of grants to community groups in the greater Waikato area.

The Trust Bank Waikato Community Trust was established under the Trustee Banks Restructuring Act 1988 and subsequently the Community Trusts Act 1999. The Trust Bank Waikato Community Trust Deed was executed on 30 May 1988 and the 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 Trust operates as Trust Waikato.

The financial statements were authorised for issue by the Trustees on 18 July 2019. The Trustees or any other body have the power to amend the financial statements after issue.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and the Tier 2 Public Benefit Entities International Public Sector Accounting Standards (PBE IPSAS).

The Trust is eligible to report using Tier 2 PBE Standards as it is not publicly accountable and not large. An entity is considered to be large if it has expenses over \$30 million over two consecutive years.

The Trust has elected to take all concessions available to them under Tier 2 PBE Standards although has chosen to disclose financial instruments as required under Tier 1. The Trust has also chosen to fully comply with PBE IPSAS 2 Cashflow Statements.

2.2 Basis of Measurement

The financial statements have been prepared on the basis of historical cost, except for the revaluation of the following assets, which are stated at their fair value:

- Financial assets at fair value through the profit or loss component of the Statement of Comprehensive Revenue & Expenses
- Derivative financial instruments
- Available for sale financial assets
- Land

The methods used to measure fair values are discussed further in Note 3.9.

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

2.3 Functional and Presentation 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.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2.4 Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with PBE IPSAS requires management to make certain critical accounting estimates, judgements and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the judgements. Actual results may differ from these estimates.

The estimates and judgements are reviewed by management each year. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about judgements made by management in applying accounting policies that have a significant effect on the amount recognised in the financial statements relate to Grants Payable (Note 3.6.2) and Contingent Liabilities: Grants and Sponsorships (Note 6).

2.5 Changes in Accounting Policy and Disclosures

There have been no changes in accounting policies since 31 March 2018.

3 SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies which materially affect the measurement of comprehensive revenue & expenses and the financial position have been applied.

3.1 Revenue Recognition

3.1.1 Revenue from Exchange Transactions

Revenue from exchange transactions is revenue arising from transactions in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange. The Trust's revenue from exchange transactions includes investment income, rental income and income from other sundry exchange transactions.

3.1.2 Investment Income

Investment income is presented in the Statement of Comprehensive Revenue & Expenses and comprises interest and dividend income on funds invested, gains and losses on the disposal of investments, changes in the fair value of investments, foreign currency gains and losses, and gains and losses on hedging instruments. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Trust's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

3.1.3 Rental Income

Rental income (net of any incentives) is recognised on a straight line basis over the lease term.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

3.1.4 Major Classes of Bequests, Gifts, Grants and Goods In-kind Received

Transfers are received in the form of gifts, grants and goods in kind. Gifts and grants are received primarily from private benefactors. The entity recognises these assets when control passes to them, usually on receipt of the resources, either cash or plant and equipment.

3.2 Investment Expenses

Investment expenses are presented in the Statement of Comprehensive Revenue & Expenses and comprise transaction costs, fund management fees and investment advisory services.

3.3 Lease Expenses

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 Statement of Comprehensive Revenue & Expenses on a straight line basis over the term of the lease.

3.4 Grants

Grants are included in the Statement of Comprehensive Revenue & Expenses when the grant has been approved by the Trustees, the recipient has been notified and when all significant conditions attached to the grant have been met.

3.5 Trust Funds and Reserves

3.5.1 Base Capital Value

Following the sale of the Trust 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 adjusted each year to reflect changes in inflation and regional population, as deemed appropriate by the Trustees.

The Base Capital Value is the initial capital adjusted for inflation and regional population growth on an annual basis. See Note 5 for the current value of the Trust's Base Capital Value.

3.5.2 Investment Fluctuation Reserve

The Trustees have adopted an investment strategy with a targeted long term annual rate of return of 5.6% (2018: 5%) of the Trust portfolio value. Recognising that actual returns are likely to fluctuate from year to year, the Trust retains the variation from the target in an Investment Fluctuation Reserve, up to a maximum of 25% of the Base Capital Value, so that in years when investment returns are less than the target, sufficient funds are available to meet expenditure and make grants. If the Trust fund falls below the value that needs to be maintained for the benefit of current and future generations, the levels of expenditure and grants are reviewed by the Trust.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

3.5.3 Grants Reserve

The current grant policy is to distribute annually as grants 4% (2018: 4%) of Base Capital Value, which is the value of the Trust fund 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 be inevitable fluctuations between the grants distributed and the actual target. The surplus after transfers to the Base Capital Reserve and the Investment Fluctuation Reserve is held in the Grants Reserve. Funds in the Grants Reserve may be used to grant to extraordinary projects, which are in line with the Trust's priorities.

3.5.4 Land Revaluation Reserve

The Land Revaluation Reserve is used to record increases and decreases on the revaluation of land.

3.6 Financial Liabilities

3.6.1 Accounts Payable and Accruals

Accounts payable and accruals are recorded at cost. They are non interest bearing and are normally settled on 30-day terms. Therefore the carrying value of accounts payable and accruals approximates their fair value.

3.6.2 Grants Payable

In the process of applying the Trust's accounting policies, management have made judgements regarding whether or not discretionary grants are payable at year end or if discretionary grants are contingent liabilities at year end. Grants payable are discretionary grants where there are no significant conditions attached or where the significant conditions attached to the grants have been met at balance date. Grants payable are recorded at notional value.

3.6.3 Employee Entitlements

Provision is made for wages, salaries and annual 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.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

3.6.4 Derivative Financial Instruments

The base currency of the international investment portfolio is New Zealand dollars. Where possible, the Trust uses hedged pooled funds to hedge currency exposures back to the New Zealand dollar. Where no suitable hedged pool fund is available, the Trust uses forward exchange contracts managed by the BNZ to reduce currency exposure to foreign currency denominated investments. The Trust may choose on occasion to increase its currency exposure to a maximum of 50% to seek additional return. See Note 9.2.2.

Derivatives that do not qualify for hedge accounting and that are accounted for as fair value through the profit or loss component of comprehensive income 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 Statement of Comprehensive Revenue & Expenses within Net Increase/(Decrease) in Derivative Financial Instruments.

Further details of the fair value of derivative financial instruments are disclosed in Note 3.9.3.

3.6.5 Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives only 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 the profit or loss component of the Statement of Comprehensive Revenue & Expenses.

Trust Waikato does not apply hedge accounting.

3.7 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and on hand. The carrying value of cash at banks and on hand approximates their fair value.

3.8 Financial Assets

Financial assets are classified into the following specified categories: loans and receivables, financial assets at fair value through the profit or loss component of the Statement of Comprehensive Revenue & Expenses, held to maturity investments and available for sale financial assets. The classification depends on the nature and purpose of the financial assets, is determined at the time of initial recognition and is reviewed regularly.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

3.8.1 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 those with maturities greater than 12 months after the balance date. These are classified as non-current assets. The Trust loans and receivables comprise Accounts Receivable.

Loans and receivables are initially recognised at fair value plus transaction costs. 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.

When an Accounts Receivable is uncollectible, it is written off against an 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 the profit or loss component of the Statement of Comprehensive Revenue & Expenses. Thus the carrying value of accounts receivable approximates their fair values.

The Trust assesses at each balance sheet date whether there is objective evidence that a loan or receivable is impaired.

3.8.2 Financial Assets at Fair Value Through The Profit or Loss Component of the Statement of Comprehensive Revenue & Expenses

The Trust classifies its investments as financial assets at fair value through the profit or loss component of the Statement of Comprehensive Revenue & Expenses. These financial assets are designated by management at fair value through the profit or loss component of the Statement of Comprehensive Revenue & Expenses at inception. Subsequent to initial recognition, all financial assets at fair value through the profit or loss component of the Statement of Comprehensive Revenue & Expenses are measured at fair value.

Financial assets designated at fair value through the profit or loss component of the Statement of Comprehensive Revenue & Expenses at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Trust documented investment strategy. Information is provided to management on that basis.

3.8.3 Derivative Financial Instruments at Fair Value Through the Profit or Loss Component of the Statement of Comprehensive Revenue & Expenses

See Note 3.6.4.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

3.9 Determination of Fair Values

Some of the Trust's accounting policies and disclosures require the determination of fair value for financial assets, financial liabilities and land. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

3.9.1 Loans and Receivables

Loans and receivables are initially stated 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 cash flow receipts discounted using the prevailing market rate of interest for similar instruments with a similar credit rating.

3.9.2 Financial Assets at Fair Value Through the Profit or Loss Component of the Statement of Comprehensive Revenue & Expenses

The fair value of financial assets is classified by reference to the fair value hierarchy within *PBE IPSAS 30 Financial Instruments: Disclosures*

- Level 1: quoted prices (unadjusted) in active markets for identical assets.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices).
- Level 3: inputs for the asset that are not based on observable market data (unobservable data).

The Trust financial assets are classified as follows:

Level 1: Australasian Equities, New Zealand Fixed Interest and Cash

The Trust financial assets classified as Level 1 include its investments in Australasian equities, New Zealand fixed interest and cash. These financial assets are traded in active markets and their fair value is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Trust is the current bid price at close of business on balance date.

Level 2: Australasian Equities, Global Equities and Global Fixed Interest

The Trust investments in global equities and global fixed interest are held through units or shares in pooled funds. The units or shares are not traded on an active market but their values are derived from the quoted market value of the underlying equity or fixed interest securities. Therefore these investments are classified as Level 2.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Level 3: Infrastructure, Private Equity, Global Credit and Unlisted Property

The Trust classifies its investments in infrastructure, private equity, global credit and unlisted property as Level 3 financial assets. These investments are not traded in an active market and their fair value is determined by using valuation techniques in which one or more of the significant inputs is not based on observable market data.

The fair value of infrastructure investments is determined by an independent valuer using the discounted cash flow method, which involves projecting the future cash flows generated by an investment or business and discounting those cash flows at an appropriate rate of return.

The fair value of investments in private equity is determined internally by the fund manager and general partner, in accordance with NZ GAAP, and using valuation techniques including the discounted cash flow method and earnings multiples. The valuation relies on financial data of investee companies and estimates by management.

The fair value of the investment in global credit is based on the net asset value adjusted for transaction costs. Listed securities are valued using the last available market close price on the relevant exchange and other assets are valued at their recoverable amount. Valuations of recoverable amounts include assumptions made by the valuer. Liabilities are valued at cost.

The fair value of unlisted property is based on external independent market valuation for investment properties. This valuation is dependent on management estimates of capitalisation and discount rates, inflows from rental income and maintenance requirements. Independent external valuations of projects under construction or refurbishment are also undertaken.

3.9.3 Derivative Financial Instruments at Fair Value Through the Profit or Loss Component of the Statement of Comprehensive Revenue & Expenses

The Trust classifies forward foreign exchange contracts used to reduce exposure to fluctuations in foreign currency denominated assets as derivative financial instruments. As these are not traded in an active market, but the valuation technique is based on observable market data, the instruments are included in Level 2 of the fair value hierarchy within *PBE IPSAS 30 Financial Instruments: Disclosures*.

The fair value of forward foreign exchange contracts is determined by the market to market value at each balance date.

3.9.4 Impairment of Financial Assets

All financial assets are reviewed for impairment at the end of reporting periods and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units). The amount of impairment loss needs to be recognised in the Statement of Comprehensive Revenue & Expenses.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

3.9.5 Land

See Note 10.2.

3.10 Property, Plant and Equipment

Land is measured at fair value at the date of revaluation.

Valuations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value, which is assessed and determined on an annual basis. Valuations take account of observable prices in active markets. Where estimates are made, they are made on the basis of appropriate valuation techniques.

Buildings, office equipment, art and taonga, land improvements and vehicles are stated at cost less accumulated depreciation and any impairment losses. The carrying amounts of Property Plant and Equipment (PPE) are reviewed annually to determine whether there is any indication of impairment.

Rental property, leased under an operating lease, is included in PPE as the rental property is held to provide a social service rather than for rental income or capital appreciation or both.

Depreciation is provided on PPE, including freehold buildings but excluding land. Rental property is depreciated over the expected useful life on a basis consistent with similar owned PPE.

Depreciation on buildings, office equipment, land improvements and vehicles is calculated based on the estimated useful life of the asset. The estimated useful life and depreciation method is reviewed at the end of each annual reporting period.

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 Statement of Comprehensive Revenue & Expenses during the financial period in which they are incurred.

Classification of PPE	Assessment	Depreciation	Method
	of Useful Life	Rate	
Art and Taonga	99	1%	Straight Line
Buildings	99	1%	Straight Line
Building Furnishings	10	10%	Straight Line
Building Fit out	10	10%	Straight Line
Computer Equipment	3	33%	Straight Line
Furniture	10	10%	Straight Line
Land Improvements	20	5%	Straight Line
Garden Signage and Lighting	10	10%	Straight Line
Office Equipment and Appliances	5	20%	Straight Line
Vehicles	4	25%	Diminishing Value

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

3.11 Impairment of Property, Plant and Equipment

Property, plant and equipment subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the Statement of Comprehensive Revenue & Expenses. The reversal of an impairment loss is recognised in the Statement of Comprehensive Revenue & Expenses.

Value in use for non-cash generating assets

Non-cash generating assets are those assets that are not held with the primary objective of generating a commercial return. The Trust's PPE are non-cash generating assets.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The Trust has no cash-generating PPE.

3.12 Intangible Assets

3.12.1 Amortisation

Intangible assets are initially recorded at cost. The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in the Statement of Comprehensive Revenue and Expenses.

The useful lives and associated amortisation rates of classes of intangible assets have been estimated as follows:

Website 3 years - 33.33%

3.12.2 Impairment

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value and value in use. Value in use is determined using either an amortised replacement cost approach or restoration cost approach. The most appropriate approach used to measure value in use depends on the nature of the asset and availability of information.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

3.13 Non-current Assets held for Sale

The Trust classifies non-current assets as held for sale to owners if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale excluding the finance costs.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate distribution in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification. Assets with agreed sales contracts within one year are classified as current assets held for sale.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

3.14 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, but does not include cash or deposits held by the fund managers. Therefore the Cash Flow Statement does not reflect the cash flows within the fund managers' portfolios.
- Investing activities comprise the purchase and sale of property, plant and equipment. Cash flows from the realisation of investments are included in operating activities.
- Financing activities comprise changes in equity of the Trust.
- Operating activities include all transactions and events that are not investing or financing activities.

3.15 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 Inland Revenue 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 Inland Revenue is classified as operating cash flows.

3.16 Taxation

Income derived by the Trust is exempt income under Section CW52 of the Income Tax Act 2007.

3.17 Translation of Foreign Currency Transactions and Balances

Foreign currency transactions are translated into the functional currency (New Zealand dollars) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Revenue & Expenses.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

	2019 NZ\$'000	2018 NZ\$'000
4. INVESTMENT INCOME		
Net Increase in Investments	34,122	33,124
Net Increase/(Decrease) in Derivative Financial Instruments	(2,421)	2,987
Dividends	1,165	869
Interest	1,447	1,398
	34,313	38,378

5. TRUST FUNDS

	2019 NZ\$'000	2018 NZ\$'000
Base Capital Value		
Balance at the Beginning of the Year	292,782	288,446
Transfer from Comprehensive Income	5,597	4,336
Balance at the End of the Year	298,379	292,782

Base capital value is adjusted on a quarterly compounding basis for inflation and regional population growth.

Annual Adjustment to Base Capital Value

	2019	2018
Inflation	1.50%	1.10%
Population Growth (Waikato Region) (As per census, half actual growth 2006-2013)	0.40%	0.40%
	1.90%	1.50%

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018
	NZ\$'000	NZ\$'000
Investment Fluctuation Reserve		
Balance at the Beginning of the Year	73,196	72,112
Transfer from Comprehensive Income	1,399	1,084
Balance at the End of the Year	<u>74,595</u>	<u>73,196</u>

The Investment Fluctuation Reserve has an upper limit of 25% of the Base Capital Value. Excess comprehensive income over and above the Investment Fluctuation Reserve limit is transferred to the Grants Reserve as set out in the Trust Financial Policy.

	2019	2018
	NZ\$'000	NZ\$'000
Grants Reserve		
Balance at the Beginning of the Year	24,986	8,490
Transfer from Comprehensive Income	9,769	16,496
Balance at the End of the Year	<u>34,755</u>	<u>24,986</u>

	2019	2018
	NZ\$'000	NZ\$'000
Land Revaluation Reserve		
Balance at the Beginning of the Year	2,205	2,205
Transfer from Comprehensive Income	36	-
Balance at the End of the Year	<u>2,241</u>	<u>2,205</u>

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

6. CONTINGENT LIABILITIES: GRANTS AND SPONSORSHIPS

Grants that are classified as contingent liabilities at balance date are discretionary grant obligations that are reliant on fulfilment of certain conditions in future years. Sponsorships that are classified as contingent liabilities at balance date are sponsorship contracts which are reliant on fulfilment of certain conditions in future years. The following contingent liabilities exist for grants and sponsorships that have been approved in the current or previous years.

	2019 NZ\$'000	2018 NZ\$'000
Grants	25,469	21,000
Sponsorships	134	76
	<u>25,603</u>	<u>21,076</u>
Subject to fulfilment of the conditions, the contingent liabilities are payable as follows:		
Not later than 1 year	16,468	11,568
Later than 1 year and not later than 5 years	9,135	9,508
	<u>25,603</u>	<u>21,076</u>

7. INVESTMENTS

Movements in Managed Funds

	2019 NZ\$'000	2018 NZ\$'000
Balance at the Beginning of the Year	388,799	374,626
Movement in Market Value and Investment Income Net of Fees	33,270	31,971
Net Redemptions	(18,942)	(17,798)
Balance at the End of the Year	<u>403,127</u>	<u>388,799</u>

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Investments Managed by Fund Managers

Investments are valued at fair value through the profit or loss component of the Statement of Comprehensive Revenue & Expenses. The basis of the fair value of financial assets has been disclosed in Note 3.9.2.

	2019 Strategic Asset Allocation %	2019 NZ\$'000	2018 Strategic Asset Allocation %	2018 NZ\$'000
<u>Growth Assets</u>				
Global Equities	25		25	
Generation Investment Management LLP		67,236		57,735
Schroder Investment Management Australia Ltd		37,888		36,385
		<u>105,124</u>		<u>94,120</u>
Australasian Equities	10		10	
ANZ Investments Ltd		-		87
Devon Funds Management Ltd		25,205		20,798
Mint Asset Management Ltd		16,806		12,840
		<u>42,011</u>		<u>33,725</u>
Private Equity	5		5	
Pencarrow Private Equity Ltd Fund IV		7,627		19,837
Pencarrow Private Equity Ltd Fund V		2,713		-
		<u>10,340</u>		<u>19,837</u>
Unlisted Property	17.5		17.5	
Investa Wholesale Funds Management Ltd		36,439		34,185
QIC Ltd		36,168		36,713
		<u>72,607</u>		<u>70,898</u>
Infrastructure	10		10	
Utilities Trust of Australia		30,698		31,688
HRL Morrison & Co PIP Ltd		11,219		10,366
HRL Morrison & Co PIP II Ltd		6,814		2,807
		<u>48,731</u>		<u>44,861</u>
Global Credit	7.5		7.5	
Bentham Asset Management Ltd		28,183		29,158
		<u>28,183</u>		<u>29,158</u>
<u>Income Assets</u>				
New Zealand Fixed Interest	5		5	
ANZ Investments Ltd		17,851		18,518
		<u>17,851</u>		<u>18,518</u>
Global Fixed Interest	12.5		12.5	
PIMCO Global Advisors (Ireland) Ltd		18,276		19,196
Wellington Management Company LLP		31,286		28,170
		<u>49,562</u>		<u>47,366</u>
New Zealand Cash	7.5		7.5	
ANZ Investments Ltd		28,718		30,316
		<u>28,718</u>		<u>30,316</u>
Investments at Fair Value	100%	403,127	100%	388,799

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

8. COMMITMENTS: INVESTMENTS

The Trust has made commitments to invest in certain managed funds, which will call upon the committed funds as the fund managers identify suitable investment vehicles. These investments will be funded by realising other investments currently held by the Trust.

	2019			
	Commitment	Contribution to date	Commitment Balance	Expected Contribution within 1 year
	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
HRL Morrison & Co PIP Ltd	8,000	7,971	29	-
HRL Morrison & Co PIP II Ltd	6,000	5,800	200	200
Pencarrow Private Equity Ltd - Fund IV	15,000	14,550	450	450
Pencarrow Private Equity Ltd - Fund V	10,000	2,900	7,100	2,500
	39,000	31,221	7,779	3,150

	2018			
	Commitment	Contribution to date	Commitment Balance	Expected Contribution within 1 year
	NZ\$'000	NZ\$'000	NZ\$'000	NZ\$'000
HRL Morrison & Co PIP Ltd	8,000	7,971	29	-
HRL Morrison & Co PIP II Ltd	6,000	2,319	3,681	3,584
Pencarrow Private Equity Ltd - Fund IV	15,000	14,550	450	450
Pencarrow Private Equity Ltd - Fund V	10,000	-	10,000	1,100
	39,000	24,840	14,160	5,134

9. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

The Trust 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 Trust Board regularly reviews the Trust funds and the risks associated with the Trust funds.

9.1 Financial Risk Management

The Trust activities expose it to a variety of financial risks which are managed through an ongoing process of identification, measurement and monitoring. The financial risks include 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 the Trust to enter into any transactions that are speculative in nature.

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.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

9.2 Market Risk

Market risk is the risk that the fair value of future cash flows from financial assets and liabilities will fluctuate due to changes in market variables such as foreign currency exchange rates, interest rates and equity prices. Market risk is managed and minimised by ensuring that all investment activities are undertaken in accordance with established mandate limits and the investment strategies and policies set out by the Trust.

9.2.1 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial assets. The Trust holds investments in domestic and global bonds. The Trust investments in global bonds are held in pooled funds. In determining the volatility factor for interest rate risk, the Trust has analysed the average annual absolute movement in the yields of 10 year New Zealand and US Government bonds. US Government bonds are used as a proxy for global bond markets. Based on this, the Trust has adopted a volatility factor for interest rate risk of 0.74% (2018: 0.78%) for Trust cash, domestic bond and global bond portfolios.

The sensitivity rates differ from the previous year because of the volatility in the international currency and financial markets experienced over the past year. The disclosures adopted provide a more accurate measurement for the movement in the future, due to current market volatility.

9.2.2 Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Trust is exposed to currency risk both directly through investments denominated in a foreign currency and also indirectly when investment funds invest in foreign currency securities.

The Trust's usual practice is to hedge close to 100% of its foreign exchange risk by using a separate currency overlay or investing in a hedged pool. The Trust may choose to vary its hedging position when there is strong evidence that the currency appears to be in an extreme position. At such a time the variation will not go below 50% hedging of all foreign exposure. 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.

In determining the volatility factor for currency risk, the Trust has examined the average absolute divergence between the unhedged and hedged annual returns of the MSCI World Index ex Australia (in NZ Dollar terms) over the past 10 years. Based on this, Trust Waikato has adopted a volatility factor for currency risk of 10% (2018: 10%) for the unhedged portion of the Trust's global investments.

	2019	2018
	NZ\$'000	NZ\$'000
At balance date the Trust exposure to currency risk was as follows:		
Financial Assets with Currency Exposure	296,209	282,839
Hedged Currency Exposure at End of the Year	(242,270)	(233,016)
Unhedged Currency Exposure at the End of the Year	53,939	49,823

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Unhedged Currency Exposure:

USA and Canada	22,794	18,953
United Kingdom and Europe	7,194	6,707
Australia	21,127	21,539
Japan	2,824	2,624
Unhedged Currency Exposure at the End of the Year	53,939	49,823

9.2.3 Price Risk

Price risk is the risk that the fair value of financial assets will increase or decrease as a result of changes in market prices, whether these changes are caused by factors specific to individual assets or factors affecting all financial assets in the market. The Trust is exposed to price risk relating to investments held by the Trust and classified as financial assets at fair value through the profit or loss component of the Statement of Comprehensive Revenue & Expenses, comprising Australasian equities, global equities, unlisted property, infrastructure, private equity and global credit investments.

In determining the volatility factor for price risk, the Trust has examined the average market return over the past 10 years for each of the investment classifications. Based on this, Trust Waikato has adopted the following volatility factors for price risk for the Trust investments: Australasian equities 15% (2018: 15%), global equities 19% (2018: 19%), unlisted property 10% (2018: 10%), infrastructure 14% (2018: 14%), private equity 25% (2018: 25%) and global credit 11% (2018: 12%).

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

Summary of Sensitivity of Financial Assets and Liabilities to Market Risk

	Volatility Factor 2019	Volatility Impact 2019 NZ\$'000	Volatility Factor 2018	Volatility Impact 2018 NZ\$'000
Interest Rate Risk	0.74%	711	0.78%	750
Currency Risk (including DFI *)	10%	5,394	10%	4,982
Price Risk:				
Australasian Equities	15%	6,302	15%	5,059
Global Equities	19%	19,974	19%	17,883
Unlisted Property	10%	7,261	10%	7,090
Infrastructure	14%	6,797	14%	6,281
Private Equity	25%	2,585	25%	4,959
Global Credit	11%	3,100	12%	3,499
Total Risk		52,123		50,503

* Derivative Financial Instruments

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

9.3 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 maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash equivalents, accounts receivable, and investments (Note 7).

The Trust arrangements with fund managers limit 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.

Due to the timing of its cash inflows and outflows, the Trust invests surplus cash with registered banks. The Trust policy for term deposits requires that deposits are placed with financial institutions registered under the Reserve Bank of New Zealand Act 1989 that have an investment grade credit rating of AA- or higher from Standard and Poor's.

The Trust manages credit concentration risks through:

- maintaining a diversified and non-correlated basket of investments across traditional and alternative classes;
- selecting diverse fund managers;
- ensuring compliance with the individual mandate requirements of each fund manager, where applicable.

The Trust investment advisors and management review the portfolio for compliance against each investment mandate on a regular basis and report findings to the Board of Trustees.

9.4 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 and the ability to close out market positions. In meeting its liquidity requirements, the Trust maintains a level of investments that can be converted into cash at short notice.

The Trust financial liabilities comprise accounts payable and accruals, unconditional unpaid grants and derivative financial instruments. At balance date, all accounts payable and grants payable were current and are settled normally within one month of balance date. Derivative Financial Instruments represent forward exchange contracts used to manage foreign currency exposure. Any liability regarding these will be settled normally within two months of balance date.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

9.5 Fair Value of Financial Instruments

The following table analyses Financial Instruments carried at fair value by valuation method. The different levels have been defined in Note 3.9.2.

Mint Asset Management Ltd investment fund (Australasian Equities) was recategorised from level 2 to level 1 during the year.

	2019 NZ\$'000	2018 NZ\$'000
Level 1		
Australasian Equities	42,011	20,885
New Zealand Fixed Interest	17,851	18,518
New Zealand Cash	28,718	30,316
	88,580	69,719
Level 2		
Australasian Equities	-	12,840
Global Equities	105,124	94,120
Global Fixed Interest	49,562	47,366
Derivative Financial Instruments	(284)	(331)
	154,402	153,995
Level 3		
Private Equity	10,340	19,837
Infrastructure	48,731	44,861
Unlisted Property	72,607	70,898
Global Credit	28,183	29,158
	159,861	164,754

	2019 NZ\$'000	2018 NZ\$'000
Movements in Level 3 Financial Instruments		
Balance at the Beginning of the Year	164,755	147,635
Plus Additional Investments	8,381	4,915
Realised/Unrealised Gains/(Losses) Recognised in the Statement of Comprehensive Revenue & Expenses	9,183	15,196
Interest Income	10	4
Management Fees Recognised in the Statement of Comprehensive Revenue & Expenses	(1,494)	(1,473)
Less Withdrawals	(20,974)	(1,522)
Balance at the End of the Year	159,861	164,755

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

10. PROPERTY, PLANT AND EQUIPMENT

	2019						
	NZ\$'000						
	Opening Cost / Valuation	Revaluation	Additions/ (Disposals)	Accumulated Depreciation & Impairment	Depreciation & Impairment Expense	Gain/(Loss) on Disposal	Book Value
Office Equipment	186	-	76	137	42	(1)	125
Motor Vehicles	116	-	18	50	26	2	84
Art and Artefacts	31	-	-	3	-	-	28
Buildings	1,030	-	2,637	370	35	(1)	3,297
Land	2,846	36	(492)	-	-	-	2,390
Land Improvements	120	-	52	26	8	-	146
Building Project (WIP)	2,877	-	(2,877)	-	-	-	-
	<u>7,206</u>	<u>36</u>	<u>(586)</u>	<u>586</u>	<u>111</u>	<u>-</u>	<u>6,070</u>

	2018						
	NZ\$'000						
	Opening Cost / Valuation	Revaluation	Additions/ (Disposals)	Accumulated Depreciation & Impairment	Depreciation & Impairment Expense	Gain/(Loss) on Disposal	Book Value
Office Equipment	243	-	(57)	130	28	(5)	56
Motor Vehicles	111	-	5	49	19	5	67
Art and Artefacts	31	-	-	3	-	-	28
Buildings	1,253	-	(223)	481	15	-	549
Land	2,846	-	-	-	-	-	2,846
Land Improvements	203	-	(83)	19	6	-	101
Building Project (WIP)	205	-	2,672	-	-	-	2,877
	<u>4,892</u>	<u>-</u>	<u>2,314</u>	<u>682</u>	<u>68</u>	<u>-</u>	<u>6,524</u>

- 10.1** There are no restrictions in title relating to property, plant and equipment, or items pledged as security for liabilities. There are no items or property, plant or equipment which are not in current use.
- 10.2** During the financial year, the Trust revalued its land holdings to fair value. Land was revalued as at 31 March 2019 based on the current market value assessed by a registered valuer. The valuation took account of observable market prices in active markets. Where estimates were used they were made on the basis of appropriate valuation techniques. The increase in land values of \$224,000 has been recognised in Other Comprehensive Revenue and accumulated in Trust Funds under the heading of Revaluation Reserve. The \$224,000 increase has been offset by a \$188,000 decrease in revaluation of property at 87 Boundary Road, prior to the property's reclassification as an asset classified as held for sale, refer to Note 11 for further information.

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

11. ASSETS CLASSIFIED AS HELD FOR SALE

On 31 March 2019, 87 Boundary Road property was classified as held for sale. Prior to the reclassification, the property was recognised within the trust's property, plant and equipment split between the Land and Building classes.

The carrying value of the property as at 31 March 2019 was \$694,000 as per the sales price in the Sale and Purchase Agreement less costs to sell. The sale is expected to be completed on 26 September 2019 as per the Sale and Purchase Agreement. As it is surplus to the trust's requirements, there is no material financial impacts of this sale on the trust. The trust does not have any non-current assets held for sale (2018: nil). The carrying value of the property of \$694,000 represents a reduction in valuation of \$188,000, which has been recognised in other comprehensive revenue and expenses.

THE WAIKATO COMMUNITY TRUST INCORPORATED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

12. RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES	2019 NZ\$'000	2018 NZ\$'000
TOTAL OPERATING SURPLUS	16,765	21,916
Adjust for Non-Cash Items:		
(Profit)/Loss on Sale of Property, Plant and Equipment	7	-
Depreciation & Impairment	111	68
Amortisation	9	9
	127	77
Impact of Changes in Net Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable	210	(207)
(Increase)/Decrease in Investments	(14,328)	(14,117)
Increase/(Decrease) in Derivative Financial Instruments	(47)	(6,289)
Increase/(Decrease) in Accounts Payable and Accruals	(229)	(45)
Increase/(Decrease) in Income in Advance	(116)	162
	(14,510)	(20,496)
Net Cash Outflow From Operating Activities	2,382	1,497

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

13. TRUSTEE MEETINGS AND HONORARIA

The Trust Board held 11 formal meetings during the year. The following table records Trustee attendance at those formal meetings:

Trustee	Meetings Available to Attend	Meeting Attendance	Honorarium Amount \$
Wilson, Edgar (Appointed Chair 25 October 2018)	10	10	19,961
Barker, Norman (Retired 22 July 2018)	2	2	3,923
Barriball, Peggy (Retired 22 July 2018)	2	2	4,316
Chew, Alan	11	4	12,665
Christian, Carolyn	10	8	12,665
Cox, Anna (Appointed 10 December 2018)	2	2	3,889
Eketone, Janise (Appointed 23 July 2018)	8	6	8,742
Feng, Chong	10	10	12,665
Flatt, Christopher (Appointed 23 July 2018)	8	6	8,742
Follows, Trevor	11	8	12,665
Kedzlie, Michael	11	11	13,932
McLennan, Vicky (Appointed Deputy Chair 25 October 2018)	10	10	14,124
Noble, Bill	11	10	12,665
Nuri, Niwa (Retired Chair 25 October 2018)	11	11	19,858
Paenga, John (Retired 22 July 2018)	2	2	3,923
Rahman, Anjum (Appointed 23 July 2018)	8	8	8,742
Sporle, Raewyn (Retired 22 July 2018)	2	2	3,923
Total Remuneration			177,399

In addition, during the year Trustees participated in committee meetings, Trust consultations with the community sector and a range of professional development opportunities. Trustees were also invited to 56 events and meetings within the community and were able to achieve representation at approximately 36 of those meetings.

14. 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. During the course of the year, 32 such interests were recorded (2018: 34). 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 2019

15. RELATED PARTY TRANSACTIONS

Related Party Transactions

Transactions with related party organisations totalled \$181,000 (2018: \$2,655,196) during the year. Interests were declared when these transactions were considered and key management personnel took no part in deliberations relating to organisations in which they had an interest. There was \$Nil payable at balance date (2018: \$Nil).

Organisation	2019		
	Nature of Related Party	Nature of Transaction	Amount \$
Shama Hamilton Ethnic Womens Centre Trust	Key Management Personnel Board Member	Grant	30,000
K'aute Pasifika Trust	Common Board Member	Grant	50,000
K'aute Pasifika Trust	Common Board Member	Grant	20,000
Waikato Institute of Technology	Common Board Member	Grant	80,000
Catholic Diocese of Hamilton	Common Board Member	Grant	1,000
			<u>181,000</u>

THE WAIKATO COMMUNITY TRUST INCORPORATED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

Organisation	2018		Amount \$
	Nature of Related Party	Nature of Transaction	
Child Cancer Foundation	Key management personnel Board Member	Grant	10,000
Institute for Child Protection Studies (Child Matters)	Common Board Member	Grant	25,000
K'aute Pasifika Trust	Common Board Member	Grant	45,000
K'aute Pasifika Trust*	Common Board Member	Grant	2,137,500
Otorohanga District Development Board	Common Board Member	Grant	80,000
Rostrevor House	Common Board Member	Grant	31,000
SADD AOTEAROA - Students Against	Common Board Member	Grant	6,000
Seagull Centre Trust	Common Board Member	Grant	10,000
Special Olympics Waikato	Common Board Member	Grant	8,000
Swim Waikato	Trustee family member involved	Grant	16,000
The Gordonton Woodlands Trust	Common Board Member	Grant	1,000
Trust Waikato Hamilton City Netball	Common Board Member	Grant	37,000
Trust Waikato Hamilton City Netball Centre	Common Board Member	Sponsorship	20,000
Waikato Institute of Technology	Common Board Member	Grant	140,000
Waikato Institute of Technology	Common Board Member	Sponsorship	8,696
Waikato Justice of the Peace Association	Common Board Member	Grant	1,000
Waikato Medical Research Foundation	Common Board Member	Grant	75,000
Waikato Water Polo Club	Key Management Personnel Board Member	Grant	4,000
			2,655,196

Compensation

The compensation of key management personnel (trustees and management), is set out below:

	2019 NZ\$'000	2018 NZ\$'000
Short Term Trustee and Employee Benefits	386	354
	386	354

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

16. GRANTS

16.1 Current Year Grants

The Trust granted \$13,057,113 to 575 organisations in the greater Waikato region during the year ended 31 March 2019 (2018: \$26,911,771 to 590 organisations).

Hauraki Plains College had a grant amount of \$9,608 approved. However, due to a change in circumstances, \$1,458 of the grant was refunded. See Note 16.2 for details.

* Grant to be paid out when project proceeds

BENNEYDALE GROUPS	NZ\$
Benneydale Hall	12,000
BENNEYDALE TOTAL	12,000
CAMBRIDGE GROUPS	
Armistice in Cambridge	8,500
Cambridge Autumn Festival Trust	1,500
Cambridge BMX Club	4,700
Cambridge Brass Band	4,800
Cambridge Chamber of Commerce	5,800
Cambridge Community House Trust	15,000
Cambridge Community Marae	1,500
Cambridge Cricket Association	20,000
Cambridge Elim Community Trust	5,000
Cambridge Life Skills Institute Trust	10,000
Cambridge Middle School	4,000
Cambridge Repertory Society	1,500
Cambridge Yacht and Motor Boat Club	8,500
Cambridge Young Mariners	1,000
Children 1st Charitable Trust	1,000
Citizens Advice Bureau Cambridge	3,000
Home of Cycling Charitable Trust	9,000
Mana Hapori Charitable Trust	3,500
Operation Cover Up Cambridge Branch	1,000
Raleigh Street Christian Centre	8,000
RIDE: New Zealand's Cycling Festival	10,000
Synergy Cambridge Trust	6,000
Toy Library - Cambridge	1,500
CAMBRIDGE TOTAL	134,800
COLVILLE GROUPS	
Colville Community Health Trust	10,000
Colville Music Club	1,500
Colville Social Service Collective Charitable Trust	19,000
COLVILLE TOTAL	30,500

THE WAIKATO COMMUNITY TRUST INCORPORATED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

	NZ\$
COROMANDEL GROUPS	
Coromandel Budget Advisory Service	10,000
Coromandel Community Recreational Society	6,000
Coromandel Independent Living Trust	70,000
Coromandel Independent Living Trust*	574,000
Coromandel Swimming Club	1,200
Coromandel Youth Support Association	4,500
Driving Creek Railway, Arts and Conservation Trust	20,000
Koputauaki Combined Community Centre	2,000
Mahakirau Forest Estate Society (MFESI)	4,500
Moehau Environment Group	5,000
Spirit of Coromandel Trust	62,000
Thrive Coromandel Trust	5,500
COROMANDEL TOTAL	764,700
HAMILTON GROUPS	
Age Concern Hamilton	14,500
Agora Community Trust Charitable Trust	1,000
Alcohol & Drug Community Support Trust	600,000
Alfs Imperial Fifth Waikato Dragoons	1,000
Anglican Action Mission Trust	11,000
Artmakers Community Artists Trust	2,000
Arum Aikido Club	1,000
Aspergers Connections Waikato	1,000
Assistance Dogs New Zealand (ADNZ) Trust	4,000
Balloons Over Waikato Trust	40,000
Big Buddy Mentoring Trust	9,000
Brain Injury Waikato	10,000
Campus Creche Trust	1,000
Career Moves Trust	1,000
Catholic Family Support Services	48,000
Catholic Womens League Hamilton Diocese	1,800
Chartwell Co-Operating Parish	1,500
Child Flight Charitable Trust	3,000
Children's Autism Foundation	1,000
Christians Against Poverty New Zealand	6,000
Citizens Advice Bureau Hamilton	10,000
City Hope Charities Trust	20,000
Clarence Street Theatre Trust	25,000
Claudelands Rovers Sports Club	3,500
Clothe Our Kids	1,600
Community Development Trust	15,000
Community Link Trust	15,000
Community Wellness Charitable Trust	2,000

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	NZ\$
Desert Spring Ministries Trust	10,000
Diversity Counselling New Zealand	7,000
Draw Charitable Trust	2,000
Dynamo Cycling and Sports Club	6,000
Eastlink Sports	1,400
Eastlink Tennis Trust	5,000
Eastside Singers	500
Efalata Trust	2,500
Epilepsy Waikato Charitable Trust	8,000
Ethnic Mental and Physical Health Consultation and Hypnotherapy Services Trust	500
Fairfield Amateur Swimming Club	4,000
Fairfield College	10,000
Families Autism Support Trust	40,000
Fitness Action Charitable Trust	2,500
Galaxy Touch Waikato	500
Glenview Community Centre	17,000
GraceWay Church	2,500
Hamilton Bengali Association	1,000
Hamilton Boys High School*	500,000
Hamilton Children and Families Trust	4,000
Hamilton Chinese Golden Age Society	1,500
Hamilton Christian Nightshelter Trust	22,500
Hamilton Christmas Charitable Trust	15,000
Hamilton Citizens Band	1,500
Hamilton City Council	120,000
Hamilton City Gymsports	1,000
Hamilton Civic Choir	3,000
Hamilton Combined Christian Foodbank Trust	20,000
Hamilton Cricket Association	10,000
Hamilton Disability Arts Festival Trust	1,000
Hamilton East Community Toy Library	700
Hamilton East Community Trust	1,000
Hamilton East Primary School	4,000
Hamilton Gardens Summer Festival Foundation	91,000
Hamilton Harrier Club	7,500
Hamilton Household Budgeting Advisory Trust	22,000
Hamilton Indoor Bowling Sub-Centre	1,900
Hamilton Junior Naturalists Club	4,400
Hamilton Kerala Samajam	1,700
Hamilton Live Music Trust	2,000
Hamilton Methodist Social Services Trust	25,000
Hamilton Multicultural Services Trust	76,000
Hamilton Operatic Society	23,000

THE WAIKATO COMMUNITY TRUST INCORPORATED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

	NZ\$
Hamilton Ramayan Sanstha	1,000
Hamilton Sanatan Trust	1,000
Hamilton Science Awards Trust	5,000
Hamilton Sculpture Trust	25,000
Hamilton South Community Centre Te Whare Kokonga	15,000
Hamilton Squash and Tennis Club	1,500
Hamilton Tulip Festival Trust	500
Hamilton Volunteer Operational Support	1,600
Hamilton Woodturners	2,000
Hearing Association - Hamilton and District	8,000
Hearing Dogs For Deaf People New Zealand	2,200
Hillcrest High School	15,000
I AM HE(R) Charitable Trust	2,000
INA (Maori, Indigenous and South Pacific) HIV/AIDS Foundation	9,000
Kia Puawai	10,000
Kiribati Waikato Association	2,500
Kiwi Challenge Foundation	4,000
Knighton Normal School	4,700
Kukutaruhe Education Trust	7,000
La Leche League - Hamilton	500
Lifestyle Trust	1,500
Link House Trust	70,000
Male Support Services Waikato	25,000
Mangaiti Gully Restoration Trust	1,000
Mauri Taiaho Charitable Trust	1,000
McKenzie Centre Trust	19,000
Mighty River Harmony	500
Muscular Dystrophy Northern	5,500
Neurogenesis Trust	10,000
New Zealand Centre for Gifted Education	2,000
New Zealand Chinese Association - Waikato Branch	6,000
New Zealand Continenence Association	3,300
New Zealand Dance Advancement Trust	2,500
New Zealand Labour Missionary Association Charitable Trust	500
New Zealand Parkour Association	3,000
New Zealand Russian (Waikato) Friendship	1,200
Norris Academy	1,800
Orchestras Central Trust	135,000
Pacific Rose Festival Trust	2,000
Parent to Parent Waikato	9,000
Pasifika By Nature Trust	20,000
Paws 4 Life Charitable Trust	3,500
Perry Outdoor Education Trust	25,000

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	NZ\$
Pleaders of Women and Children in Danger Trust	500
Plum Tree Trust	500
Positive Change Programmes Charitable Trust	10,000
Pregnancy Counselling Services	4,000
Prison Care Ministries	14,000
Pukete Neighbourhood House	22,000
Raaga	1,000
Rainbow Chinese Community Centre Charitable Trust	6,000
Rauawaawa Kaumatua Charitable Trust	28,000
RAW 2014	40,000
Red Leap Theatre Charitable Trust	2,500
Refugee Orientation Centre Trust	22,100
Riverlea Environment Society	1,000
Riverlea Theatre and Arts Centre	30,000
Riverside Golf Club	10,000
Rostrevor House	32,000
Rototuna Indoor Recreation Centre	80,000
Seed Waikato	15,000
SeniorNet Hamilton	3,000
Shama Hamilton Ethnic Womens Centre Trust	30,000
Sistema Waikato Trust	72,000
Society of St Vincent de Paul - Hamilton	20,000
Sons of Boxing	2,400
South East Kirikiriroa Community Association	13,000
South East Kirikiriroa Community Association *	15,500
Sri Lanka Friendship Society Waikato	2,000
St Johns College - Hamilton	37,000
St Marks Anglican Parish - Newton	2,500
StarJam Charitable Trust	25,000
Stroke Foundation Hamilton	3,000
Swim Waikato	16,000
Tainui Teachers Association	2,500
Tamil Society Waikato	500
Te Ahurei a Rangatahi Charitable Trust	25,000
Te Awa River Ride Charitable Trust	250,000
Te Kohanga Reo o Nga Kuaka	13,000
Te Rongopai Community Trust	25,000
Te Runanga o Kirikiriroa Charitable Trust	5,000
Te Tamawai Trust	5,000
Te Whanau Putahi Trust	25,000
Te Whare o Te Ata Fairfield/Chartwell Community Centre Trust	14,000
The CARE Community Trust	3,000
The Dyslexia Association of Waikato	1,500

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	NZ\$
The House of Grace Trust	5,000
The Kids for Kids Charitable Trust	4,600
The One Victoria Trust	22,000
The Open Home Foundation of New Zealand	30,000
The Osteopathic Children's Foundation Charitable Trust	7,000
The Salvation Army New Zealand Trust	45,000
The Taiohi Toa Trust	20,000
The Waikato Agricultural and Pastoral Association	3,400
Toy Library - Hamilton Toy Box	1,000
True Colours Childrens Health Trust	28,000
Trust Waikato Hamilton City Netball Centre	37,000
Trust Waikato Hamilton City Netball Centre*	1,300,000
Turn and Gymnastic Circle	2,000
Waikato Basketball Council	15,000
Waikato Compassion Meditation Trust	2,000
Waikato Cultural Trust	1,000
Waikato Equitherapy	8,000
Waikato Ethnic Family Services Trust	8,000
Waikato Family Centre Trust	40,000
Waikato Filipino Association	4,000
Waikato Hispano Latino Cultural Group	1,500
Waikato Japanese Community Trust	3,500
Waikato Majorettes Marching Club	500
Waikato Multicultural Council	1,200
Waikato Museum Te Whare Taonga o Waikato	195,000
Waikato Outdoor Society	500
Waikato Punjabi Badminton Club	500
Waikato Queer Youth	8,000
Waikato Refugee Whanau Reunification Trust	1,400
Waikato Senior Indian Citizens Association	2,000
Waikato Seniors Tennis Club	1,000
Waikato Sport Fishing Club	500
Waikato Touch Association	15,000
Waikato Winter Show Association	2,500
Waikato Youth Empowerment Trust	65,000
West Hamilton Community Church	1,500
West Hamilton Night Owl Rotary Trust	1,000
West Hamilton Probus Club	1,000
West Hamilton United Football Club	4,000
Western Community Association	40,000
Young Men's Christian Association of Auckland	4,500
Young Women's Christian Association of Hamilton	25,000

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	NZ\$
Young Workers Resource Centre	16,000
Zeal Education Trust	38,000
HAMILTON TOTAL	5,337,400
HAMILTON SURROUNDS GROUPS	
Arts For Health Community Trust	18,550
Country Section New Zealand Indian Association	1,000
Fonofaufautua a Samoa Hamilton City Community	2,000
Hamilton Fringe Trust	5,000
Karapiro Waka	7,500
K'aute Pasifika Trust	50,000
Mobility Assistance Dogs Trust	5,000
New Zealand Red Cross	48,000
Ohaupo Playcentre	5,000
Performing Arts Community Trust	4,500
Phoenix House Charitable Trust	1,000
Presbyterian Support Services (Northern)	10,000
Riding for the Disabled - Hamilton Group	20,000
Rural Youth and Adult Literacy Trust	6,200
Stragglers Rod and Kustom Club	3,000
Tainui Waka Tourism	3,000
Taupiri Rugby Football Club	5,000
Te Whakaruruhau 2013	90,000
Te Whangai Trust	15,000
The Good Collective	16,000
Toimata Foundation	13,000
Trust Waikato Sunset Beach Lifeguard Service	35,000
Waikato Dragon Boat and Waka Ama Association	1,700
Waikato Medical Research Foundation	75,000
Waikato Rocks Trust	15,000
Waikato Softball Association	7,500
Womens Institute Community Trust - Waikato	9,000
HAMILTON SURROUNDS TOTAL	471,950
HUNTLY GROUPS	
Friendship House (Huntly) Community Charitable Trust	13,000
Huntly Community Advice Centre Trust and Social Services	1,000
Huntly Mining and Cultural Museum Society	8,000
Huntly Motorcycle Club	1,000
North Waikato Transport Trust	10,000
The Tui Trust	20,000
HUNTLY TOTAL	53,000

THE WAIKATO COMMUNITY TRUST INCORPORATED

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

	NZ\$
KAWHIA GROUPS	
Kawhia Community Projects Trust	15,000
KAWHIA TOTAL	15,000
MANGAKINO GROUPS	
Mangakino Central Charitable Trust	7,000
Mangakino Community Agency	25,000
Mangakino Family Services	8,000
Pouakani Marae	7,500
MANGAKINO TOTAL	47,500
MATAMATA GROUPS	
Matamata Athletics Club	500
Matamata Christmas Choir	500
Matamata Citizens Band	1,400
Matamata Community Mens Shed	2,800
Matamata Geriatric Day Care Centre	1,000
Matamata Golf Club	1,500
SeniorNet Matamata	1,000
Starfish Social Services Trust	20,000
MATAMATA TOTAL	28,700
MORRINSVILLE GROUPS	
Air Training Corp No 31 Squadron - Morrinsville	1,000
Kai-A-Te-Mata Marae	3,000
Morrinsville Agricultural and Pastoral Society	4,500
Morrinsville Art Gallery Charitable Trust	14,000
Morrinsville Baptist Church	4,000
Morrinsville Community House	20,000
Morrinsville Community MenzShed	1,000
Morrinsville Ezekiel Trust	5,000
Morrinsville Golf Club	1,000
Morrinsville Historical Society	5,000
Morrinsville Intermediate School	1,000
Northern Rugby Football Club	600
St Josephs School - Morrinsville	10,000
MORRINSVILLE TOTAL	70,100
NGARUAWAHIA GROUPS	
Blue Light Ventures - North Waikato	8,000
College Old Boys Rugby League Club Charitable Trust	2,500
Glen Massey School	1,000
Hope Rising Farm Trust	4,600

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	NZ\$
Horotiu Playcentre	500
Ngaruawahia Community Care and Crisis Support Trust	25,000
Ngaruawahia Community House	30,000
Ngaruawahia Community Youth Holiday Programme	10,000
Ngaruawahia Golf Club	1,000
Ngaruawahia High School	6,000
Ngaruawahia Squash Racquets Club	5,000
St John Hamilton Area Committee*	43,000
Te Whare Toi o Ngaruawahia - Twin Rivers Community Art Centre	20,000
The Nga Miro Charitable Trust	1,200
Waikato District Council	25,000
Wakato Boxing Club	3,000
NGARUAWAHIA TOTAL	185,800
NGATEA GROUPS	
Blue Light Ventures - New Zealand	8,000
Hauraki Plains College	9,608
Ngatea Primary School	1,500
Pukorokoro Miranda Naturalists Trust	5,000
Thames Valley Hockey Association	3,000
NGATEA TOTAL	27,108
OHAUPO GROUPS	
Ohaupo Rugby and Sports Club	200,000
Ohaupo Total	200,000
OTOROHANGA GROUPS	
Beattie Community Trust	28,000
Maihihi Playcentre	1,800
Marama te Titiro ki Te Nehenehenui o Maniapoto Te Ataarangi	1,000
Otorohanga Parents Centre	1,000
Otorohanga Riding for the Disabled Association	2,500
Otorohanga Support House Whare Awhina	35,000
Otorohanga Toy Library	1,000
Taarewaanga Marae Committee	7,000
The Hearing Association Te Awamutu Branch	2,600
Thrive Otorohanga Youth Trust	10,000
OTOROHANGA TOTAL	89,900
PAEROA GROUPS	
Historical Maritime Park	12,000
Paeroa Community Support Trust	38,000
Paeroa Neighbours Foodbank	1,600

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	NZ\$
Paeroa Playcentre	1,600
Toy Library - Paeroa	1,000
PAEROA TOTAL	54,200
PIOPIO GROUPS	
Piopia College Trust Fund	2,400
Piopia Rugby Football Club	1,400
PIOPIO TOTAL	3,800
PIRONGIA GROUPS	
Pirongia Heritage and Information Centre Te Whare Taonga o Ngaa Rohe o Arekahanara	700
Pirongia Rugby and Sports Club	3,500
PIRONGIA TOTAL	4,200
PUTARURU GROUPS	
Overdale Community Centre Charitable Trust	10,000
Putaruru Community Garden	1,000
Putaruru Contract Bridge Club	1,000
South Waikato Arts Trust	1,000
Transform Aotearoa Charitable Trust	10,000
Waikato River Trails Charitable Trust	18,000
PUTARURU TOTAL	41,000
RAGLAN GROUPS	
A Rocha Aotearoa New Zealand	5,000
Childrens Bible Ministries - Raglan	20,000
Hamilton Pony Club	700
Para Kore Marae	12,000
Raglan Community Arts Council	15,000
Raglan Community House Society	18,000
Raglan Community Patrol Charitable Trust	1,000
Raglan Community Radio	8,000
Raglan Maori Wardens Charitable Trust	3,000
Raglan Surf Life Saving Club	40,000
Surfing New Zealand	1,000
Te Mauri Tau	30,000
Waipa-Ranui	5,000
Whaingaroa Community Toy Library	1,000
Whaingaroa Environment Centre	15,000
Xtreme Zero Waste	8,000
RAGLAN TOTAL	182,700

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

REGIONAL GROUPS	NZ\$
Alzheimers Waikato Charitable Trust	13,000
Alzheimers Waikato Charitable Trust	18,000
Amputee Society of Waikato, BOP and Districts	5,000
Arthritis Foundation of New Zealand	15,000
Asthma and Respiratory Services (Waikato)	10,000
Athletics Waikato Bay of Plenty	12,500
Auckland District Kidney Society	9,000
Autism New Zealand - Waikato Branch	15,000
Barnardos New Zealand	18,000
Bowls Waikato	6,500
Brain Injury Waikato	15,000
Camp Quality New Zealand	1,800
CanTeen The New Zealand Organisation Supporting Young People Living With Cancer*	10,000
Catholic Diocese of Hamilton	1,000
Chamber Music New Zealand Trust	1,000
ChildPlayWorks Charitable Trust	3,500
Cochlear Implant Foundation of New Zealand	5,000
Community Law Waikato Trust	9,000
Connect Supporting Recovery	6,400
Creative Waikato	515,000
Cycling New Zealand	15,000
Deaf Aotearoa Holdings	10,000
Diabetes New Zealand Waikato Branch	3,000
Endometriosis Waikato	9,250
English Language Partners New Zealand Waikato	58,000
Epilepsy Association of New Zealand	10,000
EVLOCITY	7,000
Haemophilia Foundation of New Zealand	12,000
Heart Kids Waikato	4,800
Institute for Child Protection Studies	20,000
Institute for Child Protection Studies	28,000
K'aute Pasifika Trust	20,000
KidsCan Charitable Trust	10,000
Literacy Waikato	17,000
Louise Perkins Foundation	5,000
Macular Degeneration New Zealand	3,500
Maori Womens Welfare League - Tainui Regional Council	15,000
MATES Trust New Zealand	7,500
Maungatautari Ecological Island Trust	100,000
Mental Health Foundation of New Zealand	85,000
Music Moves Me Trust	2,500
National Heart Foundation of New Zealand - Waikato Branch	4,500
Netball Waikato Bay of Plenty Zone	50,000

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	NZ\$
New Zealand Council of Victim Support Groups	30,000
New Zealand Land Search and Rescue Inc	48,000
Nga Kaihoe o Aotearoa (Waka Ama New Zealand)	20,000
Northern Districts Cricket Association	43,000
Order of St John Central Regional Trust	20,000
Parent to Parent New Zealand	15,000
Parenting Place Charitable Trust	5,000
Parkinson's New Zealand Charitable Trust	12,000
Project Litefoot Trust	6,500
Recreate New Zealand	14,000
Ronald McDonald House Charities New Zealand Trust	10,000
Royal New Zealand Foundation of the Blind	10,000
Royal New Zealand Plunket Trust	36,000
SADD AOTEAROA - Students Against Dangerous Driving Charitable Trust	9,500
Scout Association of New Zealand	15,000
Shakespeare Globe Centre New Zealand	1,500
Show Me Shorts Film Festival Trust	500
Sir Edmund Hillary Outdoors Education Trust	30,000
Smart Waikato Trust	30,000
Special Olympics Waikato	8,000
Spirit of Adventure Trust	7,000
Sport Waikato	700,000
Squash Waikato	14,000
Storytime Foundation Trust	5,000
Stroke Foundation of New Zealand Midland Region	15,000
Tainui Waka Netball	500
Taki Rua Productions Society	5,000
Tangata Whenua, Community and Voluntary Sector Research Centre	10,000
Tennis Waikato Thames Valley	1,000
The Community Waikato Trust	500,000
The Girl Guides Association New Zealand	3,200
The Motor Neurone Disease Association of New Zealand	2,600
Upper Central Zone of New Zealand Rugby League	15,000
Volunteering Waikato	65,000
Waikato Area Girls Brigade	1,000
Waikato Badminton Association	15,000
Waikato Bay of Plenty Division of Cancer Society of New Zealand	9,000
Waikato Community Broadcasting Charitable Trust	32,000
Waikato Community Hospice Trust	25,000
Waikato Environment Centre Trust	90,000
Waikato Hockey Association	35,000
Waikato Institute for Leisure and Sport Studies Trust	45,000
Waikato Institute of Technology	80,000

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	NZ\$
Waikato Justice of the Peace Association	1,000
Waikato Ostomy Society	2,500
Waikato Paraplegic and Physically Disabled Association	12,000
Waikato Regional Council*	100,000
Waikato Regional Volleyball Association	13,000
Waikato Society of Arts	7,500
Waikato Valley Cricket Association	30,000
Youthline Auckland Charitable Trust	10,000
REGIONAL TOTAL	3,402,050
RUAPEHU GROUPS	
Owhango School	1,000
Snow Sports New Zealand	1,000
RUAPEHU TOTAL	2,000
TAIRUA GROUPS	
Tairua Care and Friendship Club	4,400
Tairua Information and Community Services Society	8,000
Trust Waikato Tairua Surf Life Saving Club	26,000
TAIRUA TOTAL	38,400
TAUMARUNUI GROUPS	
Central North Island Kindergarten - Central Kids Paraone	7,500
Hinengakau Maatua Whangai Trust	15,000
Life Education Trust - Central Plateau	10,000
Manu Ariki Marae	20,000
Nga Hau E Wha Maara Kai	7,500
Taumarunui and District Senior Citizens Association	1,200
Taumarunui Baptist Church Social Services Trust	1,500
Taumarunui Basketball and Sports Association	2,500
Taumarunui Bowling Club	1,000
Taumarunui Counselling Services	10,000
Taumarunui High School and Community Trust	1,000
Taumarunui Hope Charitable Trust	1,500
Taumarunui Womens Refuge and Support Centre	10,000
Taumarunui Youth and Community Trust	19,000
Te Awanui a Rua Charitable Trust	9,000
TAUMARUNUI TOTAL	116,700
TAUPIRI GROUPS	
Gordonton Educational Society	1,800
Taupiri Bowling Club	1,200
TAUPIRI TOTAL	3,000

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	NZ\$
TE AROHA GROUPS	
Future Te Aroha	10,000
Manawaru Historical Society	1,200
Paeahi Marae	1,500
Te Aroha and District Museum Society	4,000
Te Aroha and District Senior Citizens Association	1,250
Te Aroha Business Association	4,000
Te Aroha Contract Bridge Club	1,200
Te Aroha Domain Day Committee	1,000
Te Aroha Golf Club	7,500
Te Aroha Group Riding for the Disabled Association	5,000
Youth Empowerment Service Charitable Trust	11,800
TE AROHA TOTAL	48,450
TE AWAMUTU GROUPS	
Central Country Basketball Association	9,000
Citizens Advice Bureau Te Awamutu	5,000
Kainga Aroha Society	23,000
Puahue Hall Association (1985)	2,800
Rosetown Community Services Trust	10,500
St Andrews Presbyterian Church - Te Awamutu	3,000
Te Awamutu Brass Band	2,100
Te Awamutu Music Federation	1,200
Te Awamutu Rugby Sports and Recreation Club	30,000
The Te Awamutu Bible Chapel Trust	1,000
Waipapa Marae	100,000
TE AWAMUTU TOTAL	187,600
TE KAUWHATA GROUPS	
Kidz Social Services Charitable Trust	2,000
Te Kauwhata and Districts Information and Support Centre	20,000
Te Kauwhata and Districts Information and Support Centre*	40,000
Te Kauwhata Health Awareness Society	17,300
TE KAUWHATA TOTAL	79,300
TE KUITI GROUPS	
Maniapoto Rugby Football Sub Union	5,000
Te Kawau Maro o Maniapoto Trust	3,500
Te Kuiti 4H Community Trust	1,610
Te Kuiti and District Historical Society	3,500
Te Kuiti Community House Trust	23,000
Te Kuiti Croquet Club	500

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	NZ\$
Te Reo Irirangi o Maniapoto Trust	5,000
Te Waitere Boating Club	3,400
TE KUITI TOTAL	45,510
 THAMES GROUPS	
Age Concern Thames	10,000
CAPS Hauraki	40,000
Citizens Advice Bureau Thames	1,200
Ebenezer Community Trust	4,000
Family Safety Services	15,000
Habitat Tuatēawa	1,500
Hikuai School	8,000
Life Education Trust Thames/Coromandel/Hauraki/Waihi	10,000
Ngati Maru Runanga Trust	15,000
People Relying On People	8,695
Saint Georges Choral Group	1,100
Seagull Centre Trust	4,750
Stepping Out Hauraki	8,000
Te Ahi Kaa Training and Social Services Center	10,000
Te Whariki Manawahine o Hauraki Womens Refuge	20,000
Thames Aglow Fellowship	1,000
Thames Anglican Parish	5,000
Thames Bowling Club	1,000
Thames Christmas Wonderland	2,500
Thames Coast Kiwi Care	2,500
Thames Community Centre	12,000
Thames Gymsports	1,000
Thames Squash Rackets Club	1,500
Thames Valley Tangata Ora Trust	1,000
Thames Youth Centre	10,000
THAMES TOTAL	194,745
 TIRAU GROUPS	
Tirau Over 50's Club	500
Tirau Senior Citizens	1,000
TIRAU TOTAL	1,500
 TOKOROA GROUPS	
Activate Church Tokoroa	6,000
Blue Light Ventures - Tokoroa	1,200
Riding for the Disabled - South Waikato	1,000
Society of St Vincent de Paul - Tokoroa	5,000
South Waikato Rising	75,000

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	NZ\$
Tokoroa Activities Centre For The Elderly and Disabled	1,000
Tokoroa Agricultural and Pastoral Association	1,500
Tokoroa Budget Advisory Service	15,000
Tokoroa Community Foodbank Trust	3,000
Tokoroa Community Patrol	1,000
Tokoroa Neighbourhood Support	3,000
Tokoroa Senior Citizens and Welfare Centre	3,000
Tokoroa Tennis Club	1,000
United Community Centre	1,500
YMCA South Waikato	28,000
TOKOROA TOTAL	146,200
WAIHI GROUPS	
Citizens Advice Bureau Hauraki	2,800
Goldfields Railway	9,000
Trust Waikato Waihi Beach Lifeguard Services	40,000
Waihi Arts Centre and Museum Association	1,700
Waihi Beach Community Centre	7,000
Waihi Beach Tennis Club	1,500
Waihi Community Resource Centre	35,000
Waihi Community Youth Trust	8,000
The Order of St John Northern Region Trust*	330,000
WAIHI TOTAL	435,000
WAITOMO GROUPS	
Waitomo Caves Museum Society	7,000
WAITOMO TOTAL	7,000
WHANGAMATA GROUPS	
Enterprise Whangamata	3,000
Trust Waikato Hot Water Beach Lifeguard Service	29,000
Trust Waikato Hot Water Beach Lifeguard Service*	36,000
Trust Waikato Onemana Surf Life Saving Club	27,000
Trust Waikato Onemana Surf Life Saving Club*	100,000
Trust Waikato Whangamata Surf Life Saving Club	56,000
Trust Waikato Whiritoa Surf Lifeguard Service	29,000
Whangamata Community Services Trust	28,000
Whangamata Golf Club	4,100
Whangamata Playcentre	5,800
Whangamata Summer Festival	2,000
Whangamata Youth Trust	7,000
WHANGAMATA TOTAL	326,900

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	NZ\$
WHITIANGA GROUPS	
Central North Island Kindergarten Trust - Central Kids Mercury Bay	1,000
Creative Mercury Bay Trust	11,000
He Mana Toi Moehau Trust	6,000
Kuaotunu Hall Committee	6,400
Mercury Bay Community Support Trust	8,000
Thames Valley Bowls	6,000
Trust Waikato Pauanui Surf Life Saving Club	29,000
Trust Waikato Pauanui Surf Life Saving Club*	160,000
Whitianga Bike Club	1,000
Whitianga Community Services Trust	40,000
WHITIANGA TOTAL	<u>268,400</u>
GRAND TOTAL	<u><u>\$ 13,057,113</u></u>

16.2 Reconciliation of Grants

Total grants approved	13,057,113
Less: Future conditional commitments included in above:	
Pauanui Surf Life Saving Club	160,000
Coromandel Independent Living Trust	574,000
St John Northern Region	330,000
Hamilton City Netball Centre	1,300,000
Onemana Surf Life Saving Club	100,000
Waikato Regional Council Restoring Nature Community	100,000
CanTeen The New Zealand Organisation Supporting Young People Living with Cancer	10,000
St John Hamilton Area	43,000
Hot Water Beach Lifeguard Service	36,000
	<u>2,653,000</u>
Add: Past conditional commitments paid during year	
Raglan Community Arts Council	50,000
Te Ara Matauranga Kindergarten	6,000
Te Awamutu Netball Centre	10,000
Hikuai District Trust	40,000
Ngati Hako Te Kotahitanga Marae Trust	15,000
Pukeko Preschool	66,000
Melville Hall Society	20,000
Sunset Beach Lifeguard Service	300,000
Rangiura Trust	40,000
Saint Andrews Presbyterian Church Te Kauwhata	8,000
Waipa District Council	400,000
	<u>955,000</u>

THE WAIKATO COMMUNITY TRUST INCORPORATED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Less: Payment of grants payable at beginning of year	NZ\$
Community Waikato	500,000
Creative Waikato	500,000
Sport Waikato	700,000
	<u>1,700,000</u>
 Add: Grants approved during the year and payable at end of year	
Community Waikato	650,000
Creative Waikato	650,000
Sport Waikato	750,000
	<u>2,050,000</u>
 Less: Grants from prior years refunded during the year	
Rudolf Steiner School (Waikato) Trust	3,000
	<u>3,000</u>
 Less: Grants refunded from current year	
Hauraki Plains College	1,458
	<u>1,458</u>
 Total Grants for the Year Shown in the Statement of Comprehensive Revenue & Expenses	 <u><u>11,704,655</u></u>



Independent Auditor's Report

To the beneficiaries of The Waikato Community Trust Incorporated

Report on the financial statements

Opinion

In our opinion, the accompanying financial statements of The Waikato Community Trust Incorporated (the trust) on pages 4 to 51:

- ☑ present fairly in all material respects the trust's financial position as at 31 March 2019 and its financial performance and cash flows for the year ended on that date; and
- ☑ comply with Public Benefit Entity Standards Reduced Disclosure Regime (Not-For-Profit).

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 31 March 2019;
- the statement of comprehensive revenue and expenses, statement of changes in trust funds and statement of cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the trust in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the trust.



Other information

The Trustees, on behalf of the trust, are responsible for the other information included in the entity's Annual Report. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Use of this independent auditor's report

This independent auditor's report is made solely to the beneficiaries as a body. Our audit work has been undertaken so that we might state to the beneficiaries those matters we are required to state to them in the independent 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 beneficiaries as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of the Trustees for the financial statements

The Trustees, on behalf of the trust, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being Public Benefit Entity Standards Reduced Disclosure Regime (Not-For-Profit));
- implementing necessary internal controls to enable the presentation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

http://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page8.aspx.

This description forms part of our independent auditor's report.



Hamilton

18 July 2019