

**Waikato District Community Wellbeing Trust**  
**Annual Report**  
**For the year ended 30 June 2014**

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<p><b>Actual Outcome</b></p>	<p><b>Performance Measures</b></p>
<p>Achieved. No grants were disbursed during the year. A grant allocation of \$119,000 was made and will be paid when the conditions attached to those grants are met. The allocation was calculated with reference to the 2012/13 Trust performance and Statement of Intent requirements. This allocation amounts to a distribution of 38% compared with a maximum allowed of 50% as per the Statement of Intent.</p>	<p>Ensure that the total grant disbursement does not exceed 50% of the net income for that year after allowing for capital maintenance and expenses. The allocation was calculated with reference to the 2012/13 Trust performance and Statement of Intent requirements. This allocation amounts to a distribution of 38% compared with a maximum allowed of 50% as per the Statement of Intent.</p>
<p>Achieved. The capital maintenance fund has been increased by 2% of opening capital while the annual Consumer Price Index increased by only 1.6% over the year.</p>	<p>Ensure that the real (inflation adjusted) value of the fund is protected.</p>
<p>Achieved. The first grants were approved in the 2013/14 year and totalled \$119,000 or 4.09% of total opening capital.</p>	<p>Ensure that no more than 10% of the capital is distributed in any one year.</p>

The following performance measures were incorporated into the Statement of Intent for the year ended 30 June 2014.

**STATEMENT OF SERVICE PERFORMANCE**

- \* Clause 11 of the Deed lists the Trust's objectives as:
  - a) To consider and approve projects submitted by Waikato District Council (Council);
  - b) To publicise the projects and activities of the Trust;
  - c) To actively promote the work of the Trust with a view to ensuring the long term operations of the Trust;
  - d) To ensure information about the Trust's activities and objectives is available to people within the area and fosters a sense of community achievement and betterment;
  - e) To develop appropriate funding allocation mechanisms; and,
  - f) To be guided by a clearly defined set of principles.
- 2. To develop an investment mandate seeking for the portfolio both income and growth from suitably diversified investments having a moderate investment risk.
- 1. To comply with the terms of the Trust Deed and in particular with the duties of the Trust as set out in clause 11 of the Deed\*;

**OBJECTIVES OF THE TRUST**

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The trustees are:  
 Mayor Allan Sanson  
 Deputy Mayor Dynes Fulton (Chairperson)  
 Councillor Shelley Lynch  
 Eileen Bateup  
 Sandra Perry

**TRUSTEES**

<p>Achieved. The trustees have decided to grow the fund by retaining at least 50% of earnings and by transferring an amount to a capital maintenance fund to protect the real value of the Trusts equity. This practice is in accordance with the Statement of Intent.</p>	<p>Identify opportunities to grow the fund.</p>
<p>Achieved. The Trustees decided to integrate their process into Council's annual plan process. Projects supported by Council but unable to be funded were included for consideration by the Trustees. This process was confirmed on</p>	<p>Maintain a process for promoting the fund availability and allocating the fund.</p>
<p>Achieved. The trustees have received and discussed quarterly portfolio performance reports from Gareth Morgan Investments. Half-year financial statements were received and considered on 18 February 2014.</p>	<p>Monitor the performance of investments by receiving and considering financial information, on at least a quarterly basis, and receiving regular updates.</p>

DECLARATION BY BOARD OF TRUSTEES

The Board of Trustees is responsible for the preparation of the financial statements and performance information in accordance with the financial reporting standards. The Board of Trustees is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. In the opinion of the Board of Trustees, these financial statements fairly reflect or give a true and fair view of the financial position and operations of the Waikato District Community Wellbeing Trust for the year ended 30 June 2014.

Trustee: 

Trustee:



Date: 30/9/14

30/9/14

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 30 June 2014

2012/13	2013/14	Note	
Actual	Budget	Actual	Budget

Income			
64,008	200,885	2	68,559
Dividend income from portfolio of investments managed by Gareth Morgan Investments (GMI)			27,449
296,714	195,051	3	195,051
Gains and losses			

391,600	291,059		
Total income			

Expenditure			
1,119	-		-
Audit fees 2011/12			
6,998	-		-
Audit fees 2012/13			
-	7,000		7,161
Audit fees 2013/14			
19,467	21,796	4	20,991
Other expenditure			

27,584	28,796		
Total operating expenditure			

-	56,846	17	-
Grants			

364,016	115,243		
Surplus/(Deficit) wholly attributable to the Waikato District Community Wellbeing Trust			

-	-		
Other comprehensive income			

-	-		
Total other comprehensive income			

364,016	115,243		
Total comprehensive income wholly attributable to Waikato District Community Wellbeing Trust			

The accompanying notes form part of these financial statements

Explanations of major variances against budget are provided in note 16.

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# STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	2012/13	2013/14	Budget	Actual
	\$	\$	\$	\$

<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	173,792	228,345	180,881	228,345
Other financial assets	2,755,191	2,971,241	2,870,434	2,971,241
<b>Total current assets</b>	<b>2,928,983</b>	<b>3,199,586</b>	<b>3,051,315</b>	<b>3,199,586</b>
<b>Total assets</b>	<b>2,928,983</b>	<b>3,051,315</b>	<b>3,051,315</b>	<b>3,199,586</b>

<b>Liabilities</b>				
<b>Current liabilities</b>				
Creditors and other payables	16,229	16,598	16,229	16,598
Accrued expenses	-	7,327	-	7,327
<b>Total current liabilities</b>	<b>16,229</b>	<b>23,925</b>	<b>16,229</b>	<b>23,925</b>
<b>Total liabilities</b>	<b>16,229</b>	<b>23,925</b>	<b>16,229</b>	<b>23,925</b>

<b>Equity</b>				
<b>Introduutory fund</b>	2,579,899	2,579,899	2,515,157	2,579,899
Capital maintenance fund	-	130,130	130,079	130,130
Accumulated funds	332,855	465,632	389,850	465,632
<b>Total equity</b>	<b>2,912,754</b>	<b>3,175,661</b>	<b>3,035,086</b>	<b>3,175,661</b>

The accompanying notes form part of these financial statements.  
 Explanations of major variances against budget are provided in note 16.

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**STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June 2014

2012/13	2013/14	
Actual	Budget	Note
\$	\$	

Balance at beginning of year	2,528,924	2,508,024	9	2,579,899
Introduutory fund	-	71,875		-
Capital maintenance fund	19,814	332,855		332,855
Accumulated funds	2,548,738	2,912,754		2,912,754

Comprehensive income for the year	364,016	115,243		262,907
Total comprehensive income	-	-		-
Total transfers	50,975	(58,397)		130,130
Introduutory fund	(50,975)	58,397		(130,130)
Accumulated funds	-	-		-

Balance at 30 June: 100% attributable to Waikato District Community Wellbeing Trust	2,912,754	3,027,997		3,175,661
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Represented by Equity at End of Year	2,579,899	2,508,024	9	2,579,899
Introduutory fund	-	130,272		130,130
Capital maintenance fund	332,855	389,701		465,632
Accumulated Funds	2,912,754	3,027,997		3,175,661

The accompanying notes form part of these financial statements.  
 Explanations of major variances against budget are provided in note 16.



**1. Statement of accounting policies**

**Reporting entity**

Waikato District Community Wellbeing Trust (the Trust) is controlled by Waikato District Council and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002, by virtue of Waikato District Council's right to appoint the Trust Board.

The principal activities of the Trust are undertaken to:

- Promote the social, environmental and cultural wellbeing of the Waikato district and its communities;
- Deliver on the aspirations and community outcomes of the Waikato district as identified and promoted by the community; and,
- Fund projects identified by Council's planning documents.

Accordingly the Trust is designated as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards.

The Trust was incorporated on 1 November 2010 under the Charitable Trust Act 1957 and is domiciled in New Zealand. On the same date the Trust was registered in accordance with the Charities Act 2005 to give it charitable status.

The financial statements for the Trust are for the 12 months ended 30 June 2014. The financial statements were authorised for issue by the Trustees on 30 September 2014.

**Basis of preparation**

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

**Differential reporting**

The Trust is a qualifying entity by virtue of the fact that it is not large with less than 50 employees, total assets less than \$10 million in value and revenue less than \$20 million for the year. All available differential reporting exemptions allowed under the Framework for Differential Reporting for Entities applying the New Zealand Equivalents to IFRS Reporting Regime have been applied.

**Measurement Base**

The financial statements have been prepared on a historical cost basis, except where modified by the revaluation of certain financial instruments.

**Functional and presentation currency**

The financial statements are presented in New Zealand Dollars. The functional currency of the Trust is New Zealand Dollars.

**Changes in accounting policies**

There have been no changes in accounting policies during the financial year.

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**Cash and cash equivalents** includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within interest bearing liabilities in current liabilities on the balance sheet.

**Foreign currency transactions** are transactions and balances denominated in New Zealand Dollars (the functional currency) using the exchange rate 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 surplus or deficit.

Discretionary grants are those grants where the Trust has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Board and the approval has been communicated to the applicant.

**Grant expenditure** Non-discretionary grants are those grants awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

(i) Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Trust reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(ii) Dividend income

**Significant accounting policies**  
**Revenue recognition**

Revenue is recognised as follows:

(i) Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Trust reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(ii) Dividend income

Due to the change in the Accounting Standards Framework for public benefit entities, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Trust is classified as a Tier 3 reporting entity and it will be required to apply the Public Benefit Entity Simple Format Reporting Standards – Accrual (PSFR-A). The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. Therefore the Trust will transition to the new standards in preparing its 30 June 2015 financial statements. The Trust has not yet assessed the implications of the new Accounting Standards Framework at this time.

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The classification depends on the purpose for which the instrument was acquired:

- Financial assets at fair value through surplus or deficit
- Financial assets at fair value through other comprehensive income
- Loans and receivables
- Held to maturity investments
- Financial assets at fair value through surplus or deficit

Financial assets are classified into the following categories for the purpose of measurement:

The fair values of financial instruments that are not traded in an active market are determined using valuation techniques. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long term debt instruments held. Other techniques, such as estimated discounted cash-flows, are used to determine fair value for the remaining financial instruments.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long term debt instruments held. Other techniques, such as estimated discounted cash-flows, are used to determine fair value for the remaining financial instruments.

**Other financial assets**

Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of investments are recognised on trade date, the date on which the Trust commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Trust has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

**Debtors and other receivables**

Trade receivables are recognised at fair value less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit within 'other expenses'.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

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Financial assets acquired principally for the purpose of selling in the short-term or part of the portfolio classified as held for trading are classified as a current asset. After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

- *Held to maturity*  
Held to maturity investments are non-derivatives financial assets with fixed or determinable payments and fixed maturities that the Trust has the positive intention and ability to hold to maturity. After initial recognition they are measured at amortised cost using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

- *Loans and receivables*  
These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

- *Financial assets at fair value through other comprehensive income*  
Financial assets at fair value through other comprehensive income are those that are designated as fair value through other comprehensive income or are not classified in any of the other categories above.

After initial recognition these investments are measured at their fair value. Gains and losses are recognised in other comprehensive income except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to the surplus or deficit.

**Income tax**  
The Trust has charitable status and is exempt from income tax.

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**Impairment of financial assets**

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

- *Loans and other receivables, and held to maturity investments*  
 Impairment is established when there is objective evidence that the Trust will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired.

The amount of the impairment is the difference between the asset's carrying amount and their present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit.

When the receivable is uncollectable, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits is recognised directly against the instrument's carrying amount.

- *Financial assets at fair value through other comprehensive income*  
 For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to the surplus or deficit. Equity instruments impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit. If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

**Creditors and other payables**

Short-term creditors and other payables are recorded at their face value.

**Goods and services tax**

The Trust is not registered for GST. As a result, the financial statements have been prepared on a GST inclusive basis.

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2012/13	Actual	\$	127,744	Realised gains (losses) on investments	261,146
2013/14	Actual	\$	168,970	Unrealised gains (losses) on investments	(66,095)
			296,714	Total realised and unrealised gains (losses)	195,051

### 3. Gains and losses from managed portfolio

2012/13	Actual	\$	64,008	Interest income from portfolio of investments managed by GMI	68,556
2013/14	Actual	\$	-	Interest income from BNZ	3
			64,008	Total finance income	68,559

### 2. Finance income

**Critical accounting estimates and assumptions**  
 In preparing these financial statements the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

**Accumulated funds**  
 This is defined as the aggregated surplus or deficit for each financial year, less the capital maintenance charge which is transferred to the capital maintenance fund.

**Capital maintenance fund**  
 The capital maintenance fund is the total estimate of changes in the real value of the Trust's capital base over the life of the Trust.

**Introductory fund**  
 The introductory fund consists of initial funds received with the establishment of the Trust and adjusted annually with CPI.

- Introductory fund
  - Capital maintenance fund
  - Accumulated funds
- Equity is classified into the following components:

**Equity**  
 Equity is measured as the difference between total assets and total liabilities.

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The Trust has a portfolio of investments which is managed by GMI. The portfolio investments are detailed in note 13. Accrued interest of \$15,592 (2013: \$12,106) is included in the portfolio.

2012/13	Actual	\$	2,755,191	Total other financial assets	2,971,241
2013/14	Actual	\$	1,260,816	Fixed interest instruments managed by GMI	1,417,401
			1,494,375	Equity instruments managed by GMI	1,553,840

**6. Other financial assets**

The Trust has a portfolio of investments which is managed by Gareth Morgan Investments Limited (GMI). The portfolio investments are detailed in note 14.

The carrying value of cash at bank approximates its fair value.

2012/13	Actual	\$	173,792	Total cash and cash equivalents	228,345
2013/14	Actual	\$	1,081	Cash at bank	1,043
			172,711	Cash investments managed by GMI	227,302

**5. Cash and cash equivalents**

2012/13	Actual	\$	19,467	Total other expenditure	20,991
2013/14	Actual	\$	18,441	Management fees	19,915
			1,026	Other expenses	1,076

**4. Other expenditure**

2112

**8. Accrued expenses**

Trade and other payables are non-interest bearing and are normally settled within 30 days, therefore the carrying value of trade and other payables approximates their fair value.

2012/13	Actual	2013/14	Actual
1,600	Management fee	1,693	\$
14,629	WDC Payable:	14,905	
7,118	Audit fee 2012 (inc disbursements)	7,118	
6,998	Audit fee 2013	6,998	
65	Audit disbursements	78	
51	Annual return fee	-	
397	Advertising	711	
16,229	Total creditors and other payables	16,598	

**7. Creditors and other payables**

2012/13	Actual	2013/14	Actual
\$		\$	
-	Audit fee 2014	7,161	
-	Audit disbursements 2014	115	
-	Annual return fee	51	
-	Total accrued expenses	7,327	



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	2012/13	2013/14
	\$	\$
Cash investments	172,711	227,302
Fixed interest	1,260,816	1,417,401
Equity investments	1,494,375	1,553,840
<b>Total managed portfolio</b>	<b>2,927,902</b>	<b>3,198,543</b>

The portfolio composition is:  
 The portfolio of the Trust's investments is managed by Gareth Morgan Investments Limited.

**14. Managed portfolio**

The Trust is controlled by Waikato District Council and is a member of the Waikato District Council Group along with Council and Strada Corporation Limited.  
 During the year Council has paid some expenses on behalf of the Trust and there is an amount payable to Council at balance date. Those transactions are listed in note 8 and the balance outstanding at 30 June 2014 is \$14,905

**13. Related party transactions**

There are no significant events after the balance date.

**12. Events after balance date**

There are no contingencies as at 30 June 2014 (2013 Nil).

**11. Contingencies**

There are no capital commitments as at 30 June 2014 (2013 Nil).

**10. Capital commitments**

The Trust was established with an initial contribution resulting from the transfer of 35% of funds previously held by the Waikato Foundation Trust as at 31 January 2012. This was recognised as revenue in that year and transferred to the introductory fund.  
 The Trust's performance objectives, as listed in the Statement of Intent for the year to 30 June 2014, includes a requirement to protect the real (inflation adjusted) value of the fund. A CPI adjustment of 2% is added annually in order to achieve this objective.

**9. Introductory fund**

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	2012/13	2011/12	
Impact on Surplus (Deficit)	\$	\$	
Decrease in contribution from Waikato Foundation Trust	-	(7,133)	
Increase in gains (losses) on investments	44	-	
Net increase (decrease) in comprehensive income	44	(7,133)	
Represented by changes in the following balance sheet line items			
Increase (decrease) in cash and cash equivalents	(7,089)	(7,133)	
Change in capital maintenance fund	(143)	60	
Change in accumulated funds	99	(60)	
Net increase (decrease) in equity	(7,089)	(7,133)	

The Trust was established with the transfer of a 35 per cent share of the funds held by the Waikato Foundation Trust. Those funds comprised an investment portfolio managed by Gareth Morgan Investments Limited (GMI) together with a small cash balance held with Guardian Trust. At the time of the transfer, the Guardian Trust accounts were incorporated into the GMI managed portfolio for reporting purposes despite never having been under management. This resulted in the overstatement of both the portfolio value and the initial income of the Trust by \$7,133. In accordance with the requirements of NZ IAS 8 Accounting policies, changes in accounting estimates and errors the comparative amounts shown in these financial statements have been restated to remove the effects of the initial misstatement and subsequent calculations of the capital maintenance charge.

**16. Prior period adjustment**

- Gains and losses on the managed portfolio were not budgeted therefore this income item is higher than anticipated.
  - Total income was boosted by a 9.5 per cent return on the managed portfolio; this compares with a budgeted return of 6.9 per cent.
  - Total grants distributed were just over twice the amount budgeted.
  - The mix of cash and other investments within the portfolio has increased from 5.9 to 7.1 per cent.
- Explanations for major variances from the Trust's budget figures in the 2014/15 Statement of Intent are as follows:

**15. Explanation of major variances against budget**

The Trust has adjusted the comparative amounts in the current year's financial statements which have been affected by the above adjustment.

Restated balance 2012/13	Adjustment	Original amount 2012/13	
\$	\$	\$	
			Statement of comprehensive income
296,714	44	296,670	Gains and losses
364,016	44	363,972	Surplus(Deficit) wholly attributable to the Waikato District Community Wellbeing Trust
364,016	44	363,972	Total comprehensive income wholly attributable to the Waikato District Community Wellbeing Trust
			Statement of financial position / Statement of changes in equity
173,792	(7,089)	180,881	Current assets
2,755,191	(7,089)	2,755,191	Cash and cash equivalents
2,928,983	(7,089)	2,936,072	Other financial assets
16,229		16,229	Total assets
			Current liabilities
2,912,754	(7,089)	2,919,846	Net assets
2,528,984	(7,193)	2,536,117	Opening equity
19,814	60	19,754	Introductory fund
364,016	44	363,972	Accumulated funds
			Total comprehensive income
(50,975)	203	(50,772)	Transfer from accumulated funds
50,975	(203)	50,772	Transfer to introductory fund
2,579,899	(6,940)	2,586,839	Closing equity
332,855	(149)	333,004	Introductory fund
2,912,754	(7,089)	2,919,843	Accumulated funds
			Total equity

### 17. Commitments

During the current year, the Trust approved the following grants:

40,000	Huntly Lions' Club
40,000	Allan Turner Memorial Walkway
19,000	Ngaruawahia Rugby League Club
20,000	North Waikato Crime Prevention Trust

Payment of each of the grants is subject to the following conditions:

all funds relating to the project must be secured;

a status update report must be provided at the time of payment; and,

the grant must be uplifted within two years of approval.

At balance date none of the grants had actually been paid.

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**Independent Auditor's Report**

**To the readers of  
 Waikato District Community Wellbeing Trusts  
 financial statements and statement of service performance  
 for the year ended 30 June 2014**

The Auditor-General is the auditor of Waikato District Community Wellbeing Trust (the Trust). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the Trust on her behalf.

We have audited:

- the financial statements of the Trust on pages 6 to 19, that comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income and the statement of changes in equity for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Trust on pages 3 to 4.

**Opinion**

In our opinion:

- the financial statements of the Trust on pages 6 to 19:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Trust's:
    - financial position as at 30 June 2014; and
    - financial performance and cash flows for the year ended on that date; and
- the statement of service performance of the Trust on pages 3 to 4:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the Trust's service performance achievements measured against the performance targets adopted for the year ended 30 June 2014.

Our audit was completed on 30 September 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities, and we explain our independence.

## Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Trust's financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Trustees;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. Also we did not evaluate the security and controls over the electronic publication of the financial statements and statement of service performance.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

## Responsibilities of the Trustees

The Trustees is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the Trust's financial position, financial performance and cash flows; and
- fairly reflect its service performance achievements.

The Trustees is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error. The Trustees is also responsible for the publication of the financial statements and statement of service performance, whether in printed or electronic form.

The Trustees responsibilities arise from the Local Government Act 2002 and the Trust Deed.

## Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001, the Trust Deed and section 69 of the Local Government Act 2002.

## Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Trust.



Leon Pieterse  
Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand

