

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

Trust Directory

As at 30 June 2012

Objectives of the Trust

The Trust was established on 11 March 2011 by deed of trust to provide relief to the community of Christchurch and the Canterbury region from the adverse effects of the earthquakes on 22 February 2011 and 4 September 2010 (and associated events, including any aftershocks and earthquakes).

The specific objectives of the Trust are:

- » the relief of poverty;
- » the advancement of education;
- » the advancement of religion;
- » the advancement of any other purposes beneficial to the community; and
- » the advancement of any other purposes that are charitable under the law of New Zealand.

Charities Commission Registration Number CC 46329

IRD Number 106-497-389

Bankers Westpac Banking Corporation

Auditor KPMG Wellington

Lawyers Bell Gully



INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF
CHRISTCHURCH EARTHQUAKE APPEAL TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

The Auditor-General is the auditor of Christchurch Earthquake Appeal Trust (the Trust). The Auditor-General has appointed me, Graeme Edwards, using the staff and resources of KPMG, to carry out the audit of the financial statements of the Trust on her behalf.

We have audited the financial statements of the Trust on pages 70 to 79, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

Opinion

In our opinion the financial statements of the Trust on pages 70 to 79:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Trust's:
 - financial position as at 30 June 2012; and
 - financial performance and cash flows for the year ended on that date.

Our audit was completed on 6 November 2012. 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 are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. 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. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, 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 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
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. 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 are responsible for preparing financial statements that:

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

The Trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Trustees' responsibilities arise from clause 17.3 of the Trust Deed of the Trust.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and clause 17.4 of the Trust Deed of the Trust.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

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

A handwritten signature in blue ink, appearing to read 'G Edwards'.

Graeme Edwards
KPMG
On behalf of the Auditor-General
Wellington, New Zealand

Statement of Comprehensive Income

For the year ended 30 June 2012

	Note	2012 \$	2011 \$
ACTIVITIES OF THE TRUST			
Donations	4	39,315,257	45,374,147
Interest	4	1,890,858	303,926
<i>Less</i>			
Grants Approved		(34,808,486)	(4,082,700)
Provision for doubtful debts	9	(842,131)	-
(Deficit) / Surplus from Activities of the Trust		\$5,555,498	\$41,595,373
ADMINISTRATION OF THE TRUST			
Administration costs funded by the Government		972,222	349,162
Donation of Goods and Services		110,509	26,250
Total donated goods and services		\$1,082,731	\$375,412
Administration costs provided by DIA	5	(972,222)	(349,162)
Administration expenses	5	(110,509)	(26,250)
		(\$1,082,731)	(\$375,412)
Deficit from the Administration of the Trust		-	-
Net Comprehensive Income / (Deficit) for the Year		\$5,555,498	\$41,595,373

The accompanying notes and accounting policies are an integral part of these financial statements.

Statement of Financial Position

As at 30 June 2012

	Note	2012 \$	2011 \$
EQUITY			
Capital Fund		1	1
Accumulated Funds - Restricted Funds		11,148,667	7,409,731
- Unrestricted Funds		36,002,203	34,185,642
Total Funds		\$47,150,871	\$41,595,374
<i>These Funds are represented by:</i>			
CURRENT ASSETS			
Bank and Call Deposits	6	7,883,926	26,481,101
Term Deposits	7	45,000,000	19,000,000
Accrued Interest		144,879	196,948
Accounts Receivable	8	10,668,169	25
Total Current Assets		\$63,696,974	\$45,678,074
Total Assets		\$63,696,974	\$45,678,074
<i>Less Current Liabilities</i>			
Grants Payable	10	24,072,494	4,082,700
Total Current Liabilities		\$24,072,494	\$4,082,700
Working Capital		39,624,479	41,595,374
Non-Current Assets			
Loans and Advances	9	7,526,392	
Net Assets		\$47,150,871	\$41,595,374

Colin MacDonald
Trustee



Date: 6 November 2012

Lynne Burn
Acting Chief Financial Officer
Department of Internal Affairs

Statement of Changes in Equity

For the year ended 30 June 2012

	2012 \$	2011 \$
Opening Funds	41,595,374	-
Capital Fund Contribution		1
Net Comprehensive Income / (Deficit) for the Year	5,555,498	41,595,373
Closing Funds	\$47,150,871	\$41,595,374
<i>Comprising:</i>		
Capital Fund	1	1
Accumulated Funds - Restricted Funds	11,148,667	7,409,731
- Unrestricted Funds	36,002,204	34,185,642
Total Funds per Statement of Financial Position	\$47,150,871	\$41,595,374

Restricted Funds relate to donations received for a specific purpose.

MOVEMENT IN FUNDS

The Capital Fund is non-distributable whereas Accumulated Funds can be distributed with the approval of the Trustees

	2012 \$	2011 \$
Closing Funds	47,150,871	41,595,374
<i>Represented By:</i>		
Capital	-	-
Opening balance	1	-
Receipt from Settlor	-	1
Closing balance	\$1	\$1
Accumulated Fund		
Opening balance	41,595,373	-
Net Comprehensive Income / (Deficit) for the year	5,555,498	41,595,373
Transfer to Capital Fund	-	-
Closing balance	\$47,150,871	\$41,595,374

Statement of Cash Flows

For the year ended 30 June 2012

	Note	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Interest received		1,942,927	106,953
Donations received		28,647,113	45,374,147
<i>Cash was disbursed to:</i>			
Grants		(14,818,692)	-
Net Cash Flows from Operating Activities	11	\$15,771,348	\$45,481,100
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Proceeds from maturity of investments		77,500,000	-
<i>Cash was applied to:</i>			
Purchase of investments		(113,000,000)	-
Advance to Christchurch Stadium		(5,000,000)	-
Advance to Restart of The Heart Trust		(3,368,523)	-
Net Cash Flows from Investing Activities		(\$43,868,523)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash was provided from:</i>			
Contribution by Crown		-	1
Net Cash Flows from Financing Activities		-	\$1
Net Increase / (Decrease) in Cash and Cash Equivalents		(28,097,175)	45,481,101
Opening Cash and Cash Equivalents		45,481,101	-
Closing Cash and Cash Equivalents		\$17,383,926	\$45,481,101
<i>Comprising of:</i>			
Bank and Call Deposits	6	7,883,926	26,481,101
Term Deposits	7	9,500,000	19,000,000

The accompanying notes and accounting policies are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2012

NOTE 1: STATEMENT OF ACCOUNTING POLICIES

Reporting entity

The reporting entity is the Christchurch Earthquake Appeal Trust, a registered charity under the Charities Act 2005. The Christchurch Earthquake Appeal Trust is domiciled and operates in New Zealand and is primarily involved in the provision of relief to the community of Christchurch and Canterbury region from the adverse effects of the earthquakes on 22 February 2011 and 4 September 2010. The Trust is a public benefit entity.

Reporting Period

The financial statements for the year ended 30 June 2012 were approved and authorised for issue by the Trustees on 6 November 2012.

NOTE 2: BASIS OF PREPARATION

Statement of Compliance

The Christchurch Earthquake Appeal Trust is a public benefit entity. It is required by the Trust Deed to prepare general purpose financial statements. These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZIFRS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Measurement Base

The financial statements have been prepared on an historical cost basis.

Standards, amendments and interpretations issued that are not yet effective and have not been adopted early

There are a number of additional new or revised Standards and Interpretations that have been approved but not yet effective. These are intended to be adopted in the period in which they become mandatory. The adoption of these Standards and Interpretations is not expected to have a material recognition or measurement impact in the financial statements of the Trust.

Functional and presentation currency

These financial statements are presented in New Zealand dollars (\$). All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

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

Revenue

The Trust derived income from public donations and interest on bank balances and short-term investments. Donations are recognised when funds are received by the Trust. Interest income is recognised when earned and is reported in the period to which it relates. Interest income is recognised in the surplus/(deficit) as it accrues, using the effective interest method.

Expenditure

Grants are recognised as expenditure when approved by the Trustees. The administrative costs of the Trust are met by the Department of Internal Affairs. Any reimbursement of costs incurred by the Trust are treated as donation of goods and services and reported as such in the Statement of Comprehensive Income.

Cash and Cash Equivalents

The Trust treats cash and cash equivalents based on the Term of the Term Deposit, not term to maturity from Balance Date. According to NZIAS 7, in the statement of cashflows, an investment normally qualifies as a cash equivalent only when it has a short maturity of three months or less from the date of acquisition.

Taxation

The Trust is exempt from income tax under section CW 42(1) (a) of the Income Tax Act 2007. The Trust has been granted tax exempt status and is registered as a Charity under the Charities Act 2005.

Goods and Services Tax (GST)

The Trust is GST registered. The financial statements have been prepared on a GST exclusive basis.

Accounts Receivable

Accounts receivable are stated at their expected realisable value after providing for doubtful and uncollectible debts.

Financial Instruments

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

Financial assets and financial liabilities are measured at fair value plus transaction costs. Any profits or loss from the financial transaction are recognised in the Statement of Comprehensive Income.

Cash and cash equivalents comprise cash balances.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. They are impaired where there is objective evidence that the estimated future cash flows have been impacted. Objective evidence could include:

- Significant financial difficulty of the counterparty;
- Default or late payments; or
- It becoming probable that the counterparty will enter bankruptcy or financial re-organisation.

The recoverable amount of the Trust's receivables carried at amortised cost is calculated at the present value of estimated future cash flows, discounted at the original effective interest rate. Impairment being the difference between carrying amount and recoverable amount, is recognised in the Statement of Comprehensive Income.

Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual instruments that are considered significant are subject to this approach.

Statement of Cash Flows

For the purpose of the cash flow statement, cash and cash equivalents include cash held at banks and term deposits with a term of 90 days or less. The following terms are used in the statement of cash flows

Operating activities are the principal revenue producing activities of the Trust and other activities that are not investing or financial activities.

Investing activities are the acquisition and disposal of long term assets and other investments not included in cash equivalents.

Financial activities are activities that result in changes in the size and composition of the borrowings of the Trust.

Change in Accounting Policies

There have been no changes in accounting policies from the previous year.

NOTE 4: REVENUE**Donations**

Donations shown in the Comprehensive Income for 2012, includes \$10.2m worth of pledges receivable. The Donation, Interest (2011 & 2012) and Pledges for 2012 (per note 15) reflects the total \$101m funds generated, shown elsewhere in the Annual Report.

Interest

The make-up of interest income is as follows:

	2012 \$	2011 \$
Call and Cheque Accounts	765,454	257,393
Short-term investments	1,125,404	46,533
Total Interest Revenue	\$1,890,858	\$303,926

NOTE 5: ADMINISTRATIVE COSTS

The administrative costs comprise of donated goods and services of:

	2012 \$	2011 \$
Department of Internal Affairs (by appropriation)	972,222	349,162
KPMG - Audit	26,250	26,250
Bell Gully	84,259	-
Total	\$1,082,731	\$375,412

NOTE 6: BANK AND CALL DEPOSITS

	2012 \$	2011 \$
Westpac Bank - Cheque Account	1,878,544	21,461,549
Westpac Bank - Call Account	6,005,382	5,019,552
Total Bank and Call Deposits	\$7,883,926	\$26,481,101

NOTE 7: TERM DEPOSITS

Represented by:

	2012 \$	2011 \$
Terms less than 90 days		
ANZ	1,500,000	5,000,000
Kiwi	2,000,000	3,000,000
Westpac	6,000,000	11,000,000
	9,500,000	19,000,000
2012: Interest range from 3.50% to 4.09 %		
2012: Terms from 31 to 80 days		
2011: Interest range from 3.43% to 4.28 %		
2011: Terms from 60 to 90 days		
Terms greater than 90 days		
ANZ	6,500,000	-
Kiwi	9,000,000	-
Westpac	20,000,000	-
	35,500,000	-
Total Term Deposits	45,000,000	19,000,000
2012: Interest range from 3.50% to 4.30 %		
2012: Terms from 90 to 152 days		

NOTE 8: ACCOUNTS RECEIVABLE

	2012 \$	2011 \$
Other	-	25
GST Receivable	383,220	-
IRD Rebate Receivable	84,949	-
Pledged and contracted amounts receivable	10,200,000	-
Total Accounts Receivable	\$10,668,169	\$25

NOTE 9: ADVANCES

	2012 \$	2011 \$
Restart of The Heart Trust	3,368,523	-
Christchurch Stadium	5,000,000	-
Less provision for doubtful debts	(842,131)	-
Total Advances	\$7,526,392	\$0

The value of amount advanced to Restart of the Heart Trust has been adjusted to reflect the fair value on a discounted basis. The Trustees have the expectation that the \$5m advanced to Christchurch Stadium will be written off over a period of five years.

NOTE 10: GRANTS PAYABLE

	2012 \$	2011 \$
Christchurch Arts Centre	14,200,000	-
Christchurch Parks & Reserves Repairs	1,844,878	3,528,700
Canterbury West Coast Sports Trust	-	554,000
Wilding Park Foundation Incorporated	1,403,000	-
Kaiapoi Aquatic Centre	1,100,000	-
Isaac Theatre Trust	1,000,000	-
Other Grants approved	4,524,616	-
Total Grants Payable	\$24,072,494	\$4,082,700

NOTE 11: RECONCILIATION OF REPORTED COMPREHENSIVE INCOME FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2012 \$	2011 \$
Reported Comprehensive Income	5,555,498	41,595,373
Adjustment for fair value adjustment of advances	842,131	-
Adjustments for movements in working capital items:	-	-
Decrease/(Increase) in Accrued Interest	52,069	(196,948)
Decrease/(Increase) in Accounts Receivable	(10,668,144)	(25)
Increase/(Decrease) in Grants Payable	19,989,794	4,082,700
Net Cash Flows from Operating Activities	\$15,771,348	\$45,481,100

NOTE 12: FINANCIAL RISK MANAGEMENT

All assets of the Trust are classified as Loans and Receivable and the carrying values are equal to the fair values. All Liabilities are classified as Financial Liabilities at amortised cost and the carrying values are equal to their fair values.

Off Balance Sheet Exposure:

The Trust had no off balance sheet exposure at 30 June 2012.

Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The cash flow risk is managed by maintaining the majority of the interest bearing instruments at fixed rates. The term deposits are made for varying periods depending on the cash requirements of the Trust and earn interest at the respective short term deposit rates. The Board does not consider that there is significant interest rate risk exposure on the Trust's investments.

Foreign Currency Risk:

All grants are paid in New Zealand currency. Any donations received in a foreign currency are translated to New Zealand dollars on the date of receipt. Any currency movement would have no effect on the Trust.

Fair Value:

All current financial instruments recognised in the statement of financial position are stated at carrying amounts that are also a reasonable approximation of their fair values.

Credit risk

Credit risk is the risk that a third party will default on its obligation causing a loss.

Credit risk is reduced by investing only in New Zealand registered banks carrying a Standard and Poors rating of not less than AA- to maximise the protection offered by the New Zealand government's deposit guarantee scheme.

Liquidity Risk

In meeting its liquidity requirements, the Christchurch Earthquake Appeal Trust maintains a target level of investments that must mature within specified timeframes to meet projected grants.

NOTE 13: RELATED PARTIES

The Department of Internal Affairs provided administrative services to the Trust during the year ended 30 June 2012. The cost of these services amounted to \$972,222 (2011: \$349,162) have been met by DIA. During the year, two grants of \$50,000 and \$15,000 were paid to the University of Canterbury, where Dr Rod Carr, Trustee, is a Vice Chancellor of the University. The payment of \$50,000 was a direction from the American New Zealand Association (ANZA) to pay the University. The trustee abstained from the decision making process. All transactions were carried out on an arm's length basis.

NOTE 14: COMMITMENTS

There were no commitments as at 30 June 2012.

NOTE 15: PLEDGED DONATIONS

There were contingent assets for pledged donations as at 30 June 2012 of \$13,841,566 (30 June 2011 \$33,350,964). This amount reflects the best estimate of the Trustees of the amount likely to be received from pledges committed prior to 30 June 2012. Some pledges have restrictions on how the funds can be applied. The actual amount received may be higher or lower than this estimate.

NOTE 16: CONTINGENT LIABILITIES

There were no contingent liabilities as at 30 June 2012 (30 June 2011 Nil).

NOTE 17: SUBSEQUENT EVENTS

There are no subsequent events between balance date and the date of signing these financial statements.

Statement of Responsibility

The Trust is responsible for the preparation of the Christchurch Earthquake Appeal Trust financial statements and the judgements made in them.

In the Trust's opinion, these financial statements fairly reflect the financial position and operations of the Christchurch Earthquake Appeal Trust for the year ended 30 June 2012.

Signed on behalf of the Trust:

Colin MacDonald
Trustee



Date: 6 November 2012

Lynne Burn
Acting Chief Financial Officer
Department of Internal Affairs

