The Canterbury Community Trust

Financial Statements for Year Ended
31 March 2008

Contents

Balance sheet

As at 31 March 2008

in New Zealand Dollars ($000's)

		Group	
Assets	**Note**	**2008**	**2007**
Property, plant and equipment	10	1,415	1,449
Investment property	11	27,018	15,285
Financial assets	12	2,615	2,242
Total non-current assets		**31,048**	**18,976**
Trade and other receivables	14	699	916
Cash and cash equivalents	15	259	668
Other financial assets	12	499,532	533,315
Total current assets		**500,490**	**534,899**
Total assets		**531,538**	**553,875**
Trust Funds			
Core real capital base reserve	16	371,422	371,422
Capital base reserve	16	103,830	87,759
Accumulated income reserve	16	50,681	91,650
Total trust funds		**525,933**	**550,831**
Liabilities			
Trade and other payables	17	2,507	2,441
Derivatives		3,098	603
Total current liabilities		**5,605**	**3,044**
Total liabilities		**5,605**	**3,044**
Total trust funds and liabilities		**531,538**	**553,875**

The notes on pages 6 to 27 are an integral part of these financial statements.

For and on behalf of the Board of Trustees:

Chairman of Trustees

28 July 2008

Trustee

28 July 2008

Income statement

For the year ended 31 March 2008

in New Zealand Dollars ($000's)

	Note	Group 2008	2007
Revenue	5	(4,172)	41,185
Investment fees	7	(1,211)	(1,112)
Other income	6	2,344	1,867
Other expenses	8	(1,248)	(1,035)
Profit/(loss) before tax		**(4,287)**	**40,905**
Tax	13	-	-
Profit/(loss) for the year		**(4,287)**	**40,905**

Statement of recognised income and expense

For the year ended 31 March 2008

in New Zealand Dollars ($000's)

	Note	Group 2008	2007
Profit/(loss) for the year		**(4,287)**	**40,905**
Total recognised income and expense for the year	16	**(4,287)**	**40,905**

The notes on pages 6 to 27 are an integral part of these financial statements.

Statement of cashflows

For the year ended 31 March 2008

in New Zealand Dollars ($000's)

	Note	Group 2008	2007
Cashflows from operating activities			
Other income		1,335	-
Interest received		29,761	50,285
Dividends received		3,940	3,867
Cash paid to suppliers, employees and trustees		(2,448)	(1,890)
Net cash from operating activities	20	**32,588**	**52,262**
Cashflows from investment activities			
Managed funds investments		(1,506)	(31,813)
Community loans		(373)	(907)
Purchase of investment property and property, plant and equipment		(10,699)	(5,229)
Net Cash from/used in investing activities		**(12,578)**	**(37,949)**
Cashflows from financing activities			
Donations	9	(20,419)	(15,078)
Net cash used in financing activities		**(20,419)**	**(15,078)**
Net (decrease)/increase in cash and cash equivalents		**(409)**	**(765)**
Cash and cash equivalents at 1 April		668	1,433
Cash and cash equivalents at 31 March	15	**259**	**668**

The notes on pages 6 to 27 are an integral part of these financial statements.

Significant accounting policies

1 Reporting entity

The Canterbury Community Trust (the "Parent") is a charitable trust, domiciled in New Zealand, incorporated in accordance with the provisions of The Community Trust Act 1999 and has a registered office at 119 Armagh Street, P O Box 2510, Christchurch.

Consolidated financial statements are presented for The Canterbury Community Trust. The consolidated financial statements of the Group as at and for the year ended 31 March 2008 comprise the Parent and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The Group is a charitable trust which distributes income from its investment activities to the communities of Canterbury, Nelson, Marlborough and the Chatham Islands.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards, and its interpretations (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities. Compliance with NZ IFRS ensures that the financial statements comply with International Financial Reporting ("IFRS"). These are the Group's first financial statements and NZ IFRS 1 has been applied.

The impact of adopting NZ IFRS has had no effect on the Income Statement or Statement of Cash flows compared to those previously reported under NZ GAAP.

On adoption of NZ IFRS derivatives have been separated from investments on the BalanceSheet. As at 31 March 2007 this had the impact of increasing current liabilities and current assets by $603,000.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS balance sheet at 1 April 2006 for the purposes of the transition to NZ IFRS.

The financial statements have been approved by the Board of Trustees on 16 June 2008.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value
- investment property is measured at fair value.

The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

These financial statements are presented in thousands of New Zealand dollars ($000's), which is the Parent and Group's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are related to the valuation of investments are discussed further in note 4.

3 Significant accounting policies

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

(c) Financial instruments

(i) Non-derivative financial instruments

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

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets are accounted for at the trade date.

Non-derivative financial instruments are recognised initially at fair value and, derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3 Significant accounting policies (continued)

Instruments at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transactions costs are recognised in the income statement when incurred. Subsequent to initial recognition, financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement.

Investments in subsidiaries

Investments in equity securities of subsidiaries are measured at cost in the separate financial statements of the Parent.

Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

Trade and other payables

Trade and other payables are stated at amortised cost.

(ii) Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight line and diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

3 Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

The depreciation rates for the current and comparative periods are as follows:

• Buildings	3% straight line
• Office equipment	6-60% diminishing value
• Furniture and fittings	14-40% diminishing value
• Computers	28-48% diminishing value

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(e) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at fair value with any change therein recognised in the income statement.

(f) Joint ventures

When a member of the Group participates in a joint venture arrangement, that member recognises its proportion the individual assets, liabilities, and expenses of the joint venture. The liabilities recognised include its share of those for which it is jointly liable.

(g) Impairment

The carrying amounts of the Group's assets are reviewed at each balance date to determine whether there is any indication of impairment

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Income Statement.

(i) Impairment of debt instruments and receivables

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3 Significant accounting policies (continued)

(h) Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(i) Revenue

(i) Investment income

Investment income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains, and gains on hedging instruments that are recognised in the income statement. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(ii) Rental income

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(j) Lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(k) Finance expenses

Finance expenses comprise interest expense on foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets (except for trade receivables), losses on the disposal of available-for-sale financial assets, and losses on hedging instruments that are recognised in the income statement.

(l) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3 Significant accounting policies (continued)

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(m) New standards adopted and interpretations not yet adopted

A number of new interpretations are not yet effective for the year ended 31 March 2008, and have not been applied in preparing these consolidated financial statements:

- NZ IFRS 8 *Operating Segments*. NZ IFRS 8, which becomes mandatory for the Group's 2010 financial statements, is not expected to have any impact on the consolidated financial statements.
- NZ IFRS 1 *Presentation of Financial Statements (revised)*. NZ IFRS 1 will become mandatory for the Group's 2010 financial statements. The Group has not yet determined the potential effect of the interpretation.
- NZ IFRS 4 *Insurance Contracts – Amendments*. NZ IFRS 4, which becomes mandatory for the Group's 2010 financial statements, is not expected to have any impact on the consolidated financial statements.
- NZ IAS 23 *Borrowing Costs*. NZ IAS 23 will become mandatory for the Group's 2010 financial statements, and is not expected to have any impact on the consolidated financial statements.
- NZ IFRIC 12 *Service Concession Arrangements*. NZ IFRIC 12 will become mandatory for the Group's 2009 financial statements, and is not expected to have any impact on the consolidated financial statements.
- NZ IFRIC 13 *Customer Loyalty programmes*. NZ IFRIC 13 will become mandatory for the Group's 2009 financial statements, and is not expected to have any impact on the consolidated financial statements.
- NZ IFRIC 14 *The Limit on a defined benefit Asset. Minimum funding requirements and their interaction*. NZ IFRIC 14 will become mandatory for the Group's 209 financial statements, and is not expected to have any impact on the consolidated financial statements.

(n) Change in accounting policies

The Group has changed certain accounting policies in the year. The impact on the balance sheet and income statement is shown in Note 24.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Investment property

External, independent valuation companies, Fright Aubrey (Christchurch properties) and Duke and Cooke (Nelson properties) having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio annually. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

4. Determination of fair values (continued)

(b) Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, is determined by reference to their quoted bid price at the reporting date wherever this information is available. Certain investments in emerging markets are only traded on certain days. In this instance the trades that occurred on the date nearest to the balance date have been used.

For investments where there is no active market, investments have been valued using Australian Private Equity & Venture Capital Association Limited ("AVCAL") reporting guidelines. This broadly requires the investment to be valued at cost for the first 18 months and subsequently based on net asset value.

(c) Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(d) Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Notes to the financial statements

in New Zealand Dollars (000's)

5 Revenue

	Group	
	2008	**2007**
Rents received	68	70
Dividends received	3,940	3,867
Interest received	29,544	49,799
Change in fair value of investments	(37,724)	(12,551)
Total revenue	**(4,172)**	**41,185**

6 Other income

	Group	
	2008	**2007**
Change in fair value of investment property	1,077	1,136
Rent received from investment property	1,267	731
Total other income	**2,344**	**1,867**

7 Investment fees

	Group	
	2008	**2007**
Fund manager funds	804	701
Custodial fees	179	155
Advisory fees	228	256
Total investment fees	**1,211**	**1,112**

8 Other expenses

	Group	
	2008	**2007**
Advertising public relations, distribution and other costs	235	237
Computer costs	49	34
Depreciation	77	82
Professional fees	88	55
Property costs	226	153
Salaries, trustee fees and staff-recruiting fees	544	450
Auditor's remuneration to PricewaterhouseCoopers		
- for audit of financial statements	29	24
Total other expenses	**1,248**	**1,035**

9 Approved donations

The names of the organisations to whom distributions have been made by the Trust under section 13 of The Community Trust Act 1999 during the financial year and the amounts distributed are shown in the Annual Report.

Funds carried forward as accumulated income are available for the payment of donations in future years. Budgeted donations unspent in the current year are to be distributed in the following year.

The Trust has future commitments of donations where the donee must fulfil future obligations before the donation is payable. At 31 March 2008 these totalled $3,268,760 (2007: $4,676,000).

The trustees recognise that there is a need to ensure a fairness and equity between the regions as far as payments of donations are concerned in relation to budgetary allocations. The allocation of donations between regions is based on population statistics for each region.

in New Zealand Dollars ($000's)

10 Property, Plant and Equipment - Group

	Land and buildings	Office equipment	Fixtures and fittings	Computers	Total
Cost					
Balance at 1 April 2006	1,828	33	103	119	2,083
Disposals	-	-	(19)	(24)	(43)
Balance as at 31 March 2007	**1,828**	**33**	**84**	**95**	**2,040**
Balance at 1 April 2007	1,828	33	84	95	2,040
Additions	2	2	33	6	43
Balance as at 31 March 2008	**1,830**	**35**	**117**	**101**	**2,083**
Depreciation					
Balance at 1 April 2006	359	23	77	90	549
Depreciation for the year	63	1	5	13	82
Disposals	-	-	(19)	(21)	(40)
Balance as at 31 March 2007	**422**	**24**	**63**	**82**	**591**
Balance at 1 April 2007	422	24	63	82	591
Depreciation for the year	64	2	4	7	77
Balance as at 31 March 2008	**486**	**26**	**67**	**89**	**668**
Carrying amounts					
At 1 April 2006	1,469	10	26	29	1,534
At 31 March 2007	1,406	9	21	13	1,449
At 1 April 2007	1,406	9	21	13	1,449
At 31 March 2008	**1,344**	**9**	**50**	**12**	**1,415**

in New Zealand Dollars ($000's)

11 Investment property

	Group	
	2008	**2007**
Balance at 1 April	15,285	8,920
Acquisitions	10,656	5,229
Change in fair value	1,077	1,136
Balance at 31 March	**27,018**	**15,285**

Investment property comprises six properties at 262 Oxford Terrace, 141 Hereford Street, 242 Manchester Street (Christchurch) 16 Parumoana Street, Porirua, 88 Hardy Street and 50 Halifax Street (Nelson).

Christchurch investment properties were valued at 31 March 2008 by an independent valuer, GR Sellars of Fright Aubrey, who is a Fellow of the New Zealand Institute of Valuers. Nelson investment properties were valued at 31 March 2008 by an independent valuer, R Muir of Duke and Cooke, who is a Fellow of the New Zealand Institute of Valuers.

During the year ended 31 March 2008, $1,267,000 was recognised as being other income in the income statement (2007: $731,000). Repairs and maintenance expense, recognised in cost of sales, was $12,258 (2007:$19,791)

Canterbury Trust House Limited purchased a 50% participating interest in an investment property in Porirua on 30 March 2007. Under the joint arrangement, rental revenue and all expenses are shared equally between each party. At balance date there were no revenue or expense items to be accounted for. The property has been recognised in the accounts at the purchase price.

The Group's share of the management fee for the property expensed in the Income Statement is $22,404.

12 Financial assets

	Group	
	2008	**2007**
Non-current investments		
Loans and receivables	2,615	2,242
	2,615	**2,242**
Current investments		
Financial assets designated at fair value through the profit or loss	498,915	533,315
Derivatives	617	-
	499,532	**533,315**

in New Zealand Dollars ($000's)

13 Taxation

The Canterbury Community Trust is exempt from income tax with effect 1 April 2004. This means that the Canterbury Trust House Limited is now the only taxable entity in the Group.

The Group has an unrecognised deferred taxation asset in respect of taxation losses of $716,513 (2007: $557,509) and an unrecognised deferred tax liability in respect of its investment property of $640,978 (2007: $114,486). The assets and liabilities are not expected to be realised in the foreseeable future.

14 Trade and other receivables

	Group	
	2008	**2007**
Other trade receivables	699	916
	699	**916**

See note 18 with respect to impairment of trade receivables.

15 Cash and cash equivalents

	Group	
	2008	**2007**
Call Deposits	146	620
Bank balances	113	48
Cash and cash equivalents in the statement of cash flows	**259**	**668**

The effective interest rate on call deposits in 2008 was an average of 7.5 – 8.25 percent (2007: 7.25 percent). The deposits were on call deposit with the balance fluctuating on a daily basis.

in New Zealand Dollars ($000's)

16 Trust funds

	Core Real Capital Base Reserve	Capital Base Reserve	Accumulated Income Reserve	Total
Balance at 1 April 2006	371,422	74,360	80,317	526,099
Total recognised income and expense	-	-	40,905	40,905
Distributions in the form of donations (Note 9)	(2,907)	-	(13,266)	(16,173)
Reserve transfers	2,907	13,399	(16,306)	-
Balance at 31 March 2007	**371,422**	**87,759**	**91,650**	**550,831**
Balance at 1 April 2007	371,422	87,759	91,650	550,831
Total recognised income and expense	-	-	(4,287)	(4,287)
Distributions in the form of donations (Note 9)	(3,452)	-	(17,159)	(20,611)
Reserves transfers	3,452	16,071	(19,523)	-
Balance at 31 March 2008	**371,422**	**103,830**	**50,681**	**525,933**

Core Real Capital Base Reserve

The Core Real Capital Base Reserve arose when monies were received on the sale of the Canterbury Savings Bank to Westpac.

Capital Base Reserve

The Capital Base Reserve provides a fund to reflect the effects of annual inflation on the Core Real Capital Base Reserve, using CPI to calculate the amount.

Accumulated Income Reserve

The Accumulated Income Reserve reflects the accumulated profits from earlier periods.

in New Zealand Dollars ($000's)

17 Trade and other payables

	Group 2008	Group 2007
Other trade payables	321	401
Non-trade payables and accrued expenses	2,186	2,040
	2,507	**2,441**

18 Financial instruments

Exposure to credit, interest rate, foreign currency, equity price and liquidity risks arises in the normal course of the Group's business. The Group's risk management policies and procedures for financial instruments are formally documented and approved by the Trustees in the Group's Statement of Investment Policies and Objectives ("SIPO")

Credit risk

The Group's SIPO stipulates value ranges that may be held in cash, New Zealand bonds, international bonds, emerging market bonds and property. Within each of these investment sub-groups there are maximum limits that can be invested within one financial institution. This diversified investment strategy reduces the credit risk exposure of the Group.

The Group only makes loans to entities that are well established and have the ability to demonstrate strong cashflows.

The SIPO states minimum credit ratings of the majority of investments that have to be achieved.

Liquidity risk

Liquidity risk represents the Group's ability to meet its contractual obligations. The Group evaluates its liquidity measurements on an ongoing basis. In general, the Group generates sufficient cash flows from its activities to meet its obligations arising from its financial liabilities.

Market risk

Market risk is the risk that changes in market prices, such as interest rates or equity prices, will affect the Group's profit or valuation of net assets. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The risk is mitigated by the policies and procedures outlined in the Group's SIPO. These include diversification of the investment portfolio and prudent investment strategies..

Foreign currency risk

The Group is exposed to foreign currency risk as a result of investment transactions entered into by fund managers in a currency other than the Parent's functional currency, New Zealand dollars ($), which is the presentation currency of the Group. Fund managers typically hedge investments denominated in a foreign currency where appropriate with foreign exchange contracts.

Interest rate risk

The Group has bank call and deposit accounts, government and local authority securities and other investment held by the Group's fund managers that are exposed to interest rate risk. Interest rate risk is mitigated by the use of swaps where appropriate, to achieve an appropriate mix of fixed and floating rate exposure within the Group's policy. At 31 March 2008 the Group had entered into interest rate swap contracts in the amount of $21,810,000 (2007: $67,050,000).

Other market price risk

The entity is not exposed to substantial other market price risk arising from financial instruments.

in New Zealand Dollars ($000's)

18 Financial instruments (continued)
Quantitative disclosure

Credit risk

The carrying amount of financial assets represents the Group's maximum credit exposure.

The Group's maximum exposure to credit risk for investments by geographic regions and investment type is as follows:

	Group	
Carrying amount	**2008**	**2007**
New Zealand community loans	2,615	2,242
New Zealand cash	187,773	158,118
New Zealand fixed interest	103,619	124,276
New Zealand equities	26,967	36,646
New Zealand property	13,803	13,327
Australian equities	30,707	27,252
Private equity	4,802	-
Global bonds	32,883	30,146
Global equities	51,965	59,820
Emerging market debt	22,431	13,030
Emerging market equities	5,039	4,866
Alternative assets	18,926	65,834
Total financial assets	**501,530**	**535,557**

Global bonds and equities and emerging markets debt and equity are in investments denominated in Australian Dollars, US Dollars and Euros.

in New Zealand Dollars ($000's)

18 Financial instruments (continued)

Liquidity risk

The following table sets out the contractual cash flows for all financial liabilities and derivatives that are settled on a gross cash flow basis:

Group 2008	Balance sheet	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Derivatives	3,098	3,098	827		845	1,426	
Trade and other payables	2,507	2,507	321	2,186	-	-	-
Total financial liabilities	**5,605**	**5,605**	**1,148**	**2,186**	**845**	**1,426**	**-**
Group 2007							
Derivatives	603	603	-	-	-	603	-
Trade and other payables	2,441	2,441	401	2,040	-	-	-
Total financial liabilities	**3,044**	**3,044**	**401**	**2,040**	**-**	**603**	**-**

Foreign currency exchange risk

The Group's exposure to foreign currency risk can be summarised as follows:

	USD	AUD	EURO
2008			
Foreign currency risk			
Investments	52,646	60,901	10,037
Net balance sheet exposure before hedging activity	52,646	60,901	10,037
Forward exchange contracts			
Notional amounts	231	-	827
Net unhedged exposure	**52,877**	**60,901**	**10,864**
2007			
Foreign currency risk			
Investments	95,669	60,908	7,082
Net balance sheet exposure before hedging activity	102,751	60,908	7,082
Forward exchange contracts			
Notional amounts	(3,944)	-	(56)
Net unhedged exposure	**91,725**	**60,908**	**7,026**

The foreign currency risk of certain investments is managed within the fund. The Trust is unable to quantify the extent that this risk is managed.

In New Zealand Dollars ($000's)

18 Financial instruments (continued)

Interest risk - 2008

Interest rate risk at 31 March 2008 occurs in the following investments:

	Carrying amount $'000	Average interest rate %	Percentage covered by interest rate swaps
New Zealand cash	187,773	7.75	10%
New Zealand fixed interest	103,619	5.80	-
Global bonds	32,883	6.50	-
Emerging market debt	22,431	7.50	-
Alternative Assets	18,926	10.50	21%
	365,632		

Interest risk - 2007

Interest rate risk at 31 March 2007 occurs in the following investments:

	Carrying amount $'000	Average interest rate %	Percentage covered by interest rate swaps
New Zealand cash	158,118	8.5	36%
New Zealand fixed interest	124,276	6.5	-
Global bonds	30,146	6.5	-
Emerging market debt	13,030	8.0	-
Alternative Assets	65,834	11.25	15%
	391,404		

Interest rate risk is managed by cross currency interest rate swaps. At 31 March 2008 the Group had interest rate swaps denominated in Australian dollars of A$20,500,000 (2007: A$20,500,000), US dollars of US$2,000,000 (2007: US$13,000,000) and Euros of E9,000,000 (2007: E13,000,000). In 2007 the Group also had New Zealand dollar denominated interest rate swaps of $30,000,000. At balance date the remaining term on the interest rates swaps did not exceed 4 years.

Capital management

The Group's capital includes Core Real Capital Base Reserve, Accumulated Income Reserve and Capital Base Reserve.

The Group's policy is to maintain a strong capital base so as to maintain investor confidence and to sustain future development of the Trust.

The Group is not subject to any externally imposed capital requirements.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Trustees.

There have been no material changes in the Group's management of capital during the period.

Sensitivity analysis

In managing interest rate and currency risks, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates will have an impact on profit.

18 Financial instruments (continued)

At 31 March 2008, it is estimated that a general increase of one percentage point in interest rates would increase the Group's profit before income tax by approximately $4,500,000 (2007: $5,375,000). Interest rate swaps have been included in this calculation.

This calculation has been performed by determining which of the Group's financial assets are impacted by market interest rates, as opposed to those with fixed interest rates or variable interest rates where the interest rate risk is managed by way of interest rate swap derivatives. The returns on the investments are then recalculated under a scenario where interest rates are one percentage point higher.

It is estimated that a general increase of one percentage point in the value of the New Zealand dollar against other foreign currencies would have decreased the Group's profit before income tax by approximately $850,000 for the year ended 31 March 2008 (2007: $900,000). The forward exchange contracts have been included in this calculation.

This calculation is performed by firstly determining which financial assets are denominated in an overseas currency and where the exchange rate risk is not managed by way of foreign exchange contracts. A calculation is then performed to simulate the impact of a one percentage increase in the value of the New Zealand dollar.

Estimation of fair value

The methods used in determining the fair values of financial instruments are discussed in note 4.

(In New Zealand Dollars ($000's)

19 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2008	**2007**
Less than one year	6	12
Between one and five years	-	12
More than five years	-	-
	6	24

Leases as lessor

The Group leases out its investment property held under operating leases (see note 11). The future minimum lease payments under non-cancellable are as follows:

	Group	
	2008	**2007**
Less than one year	1,632	1,116
Between one and five years	2,751	2,733
More than five years	1,567	2,121
	5,950	**5,970**

(In New Zealand Dollars ($000's)

20 Reconciliation of the profit for the period with the net cash from operating activities

	Note	Group 2008	Group 2007
Profit/(loss) for the year		(4,287)	40,905
Adjustments for:			
Depreciation		77	85
Change in fair value of investment property	11	(1,077)	(1,136)
Managed funds income (gains)/losses		37,725	12,551
Change in trade and other receivables		216	(315)
Change in trade and other payables		(66)	172
Net cash from operating activities		**32,588**	**52,262**

21 Related parties

Transaction with key management personnel

Key management personnel compensation

Key management personnel compensation comprised:

	Group 2008	Group 2007
Salaries and trustee fees	298	248

22 Group entities

Significant subsidiaries

	Country of ownership incorporation	Interest (%) Group 2008	Interest (%) Group 2007
Canterbury Trust House Limited	New Zealand	100%	100%
Canterbury Trust Charities Limited	New Zealand	100%	100%
Canterbury Direct Investments Limited	New Zealand	100%	100%
Amateur Game or Sport Promoter Limited	New Zealand	100%	100%
District Improvement Organisation	New Zealand	100%	100%

23 Subsequent event

There were no subsequent events after the year end of 31 March 2008 (2007 none).

Notes to the financial statements
(In New Zealand Dollars ($000's))

24 Explanation of change in accounting policies

Reconciliation of equity

Group	Note	Pre-accounting policy change	Effect of accounting policy change	Post-accounting policy change	Pre-accounting policy change	Effect of accounting policy change	Post-accounting policy change
			1 April 2006			31 March 2007	
Assets							
Property, Plant and Equipment		1,534	-	1,534	1,449	-	1,449
Investment property	(a)	8,700	220	8,920	15,285	-	15,285
Financial assets		1,335	-	1,335	2,242	-	2,242
Total non-current assets		**11,569**	**220**	**11,789**	**18,976**	**-**	**18,976**
Financial assets		513,447	-	513,447	532,712	-	532,712
Trade and other receivables		604	-	604	916	-	916
Cash and cash equivalents		1,433	-	1,433	668	-	668
Total current assets		**515,484**	**-**	**515,484**	**534,296**	**-**	**534,296**
Total assets		**527,053**	**220**	**527,273**	**553,272**	**-**	**553,272**
Trust funds							
Core Real Capital Base Reserve		371,422	-	371,422	371,422	-	371,422
Capital Base Reserve		74,360	-	74,360	87,759	-	87,759
Accumulated Income Reserve	(a),(d)	81,043	(726)	80,317	93,691	(2,041)	91,650
Total equity attributable to equity holders of the Parent		**526,825**	**(726)**	**526,099**	**552,872**	**(2,041)**	**550,831**
Trade and other payables, including derivatives	(d)	228	946	1,174	400	2,041	2,441
Total current liabilities		**228**	**946**	**1,174**	**400**	**2,041**	**2,441**
Total liabilities		**228**	**946**	**1,174**	**400**	**2,041**	**2,441**
Total trust funds and liabilities		**527,053**	**220**	**527,273**	**553,272**	**-**	**553,272**

Changes in accounting policies

(a) In prior years costs of disposing investment property have not been deducted from the carrying value of the investment property.

This has resulted in an increase in the carrying value of investment property at 1 April 2006 of $220,000 and decreased reported profit for the year ended 31 March 2007 by the same amount.

(b) The Group has changed its accounting policy to recognise all donations as distributions from equity. In the previous years financial statements certain distributions had been accounted for as an expense. The impact of the change in accounting policy has to increase profit in the year ended 31 March 2007 by $12,170,000.

Explanation of change in accounting policies (continued)

(c) The Group has changed its accounting policy in respect of capital base transfers. Transfers are now recognised as movements in equity rather than as an expense in the Income Statement. The impact of the change in accounting policy is to increase profits for the year by $13,399,000.

(d) For the year ending 31 March 2008, the Group changed their accounting policy to recognise donations paid at the point when they have been approved by the Trustees and there are no further obligations that the donation recipient has to fulfil to receive the donation. This had the impact of increasing donations payable at 1 April 2006 by $946,000 and by $2,041,000 at 31 March 2007. There is no impact on the Income Statement as donations are recognised as distributions from equity as noted in point (b) above.

Reconciliation of profit
in New Zealand Dollars ($000's)

Group	Note	Pre-accounting Policy change	Effect of change in accounting policies	Post accounting policy change
Revenue		41,916	-	41,916
Investment fees		(1,112)	-	(1,112)
Other expenses	c	(14,434)	13,399	(1,035)
Other income	a	1,356	(220)	1,136
Donations to tax approved entities	b	(12,170)	12,170	-
Profit for the period		**15,556**	**25,349**	**40,905**

In additional to the above rent received from investment property of $731,000 has been reclassified between revenue and other income to improve the presentation in the comparative Income Statement