



**The Canterbury Community Trust
Consolidated Financial Statements
for the Year Ended 31 March 2015**

The Canterbury Community Trust

Financial Statements for Year Ended
31 March 2015

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The Canterbury Community Trust

Statement of Financial Position

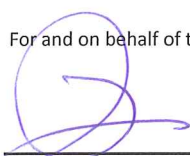
As at 31 March 2015

in New Zealand Dollars (\$000's)

	Note	2015	2014
Assets			
Property, plant and equipment		188	238
Investment in associate	19	340	453
Investment property	9	32,795	34,385
Financial assets	10	33,127	31,307
Total non-current assets		66,450	66,383
Trade and other receivables		540	1,370
Cash and cash equivalents	12	16,730	24,435
Financial assets	10	473,315	440,939
Total current assets		490,585	466,744
Total assets		557,035	533,127
Trust Funds			
Capital base reserve	13	353,807	353,807
Inflation reserve	13	156,375	155,865
Special fund reserve	13	1,808	7,241
Accumulated income reserve (deficit)	13	30,023	(2,009)
Total trust funds		542,013	514,904
Liabilities			
Trade and other payables	14	15,022	18,223
Total current liabilities		15,022	18,223
Total liabilities		15,022	18,223
Total trust funds and liabilities		557,035	533,127

The notes on pages 4 to 17 are an integral part of these financial statements.

For and on behalf of the Board of Trustees:



Chair of Board of Trustees
27 July 2015



Trustee
27 July 2015

The Canterbury Community Trust

Statement of Comprehensive Income

For the year ended 31 March 2015

in New Zealand Dollars (\$000's)

	Note	2015	2014
Revenue	5	55,521	31,272
Investment fees	6	(2,060)	(2,308)
Other expenses	7	(2,676)	(2,173)
		50,785	26,791
Donations	8	(18,243)	(18,968)
Surplus before tax		32,542	7,823
Tax	11	0	0
Surplus for the year		32,542	7,823
Other comprehensive income		0	0
Total comprehensive income for the year		32,542	7,823

Statement of Changes in Equity

For the year ended 31 March 2015

in New Zealand Dollars (\$000's)

	Note	Capital Base Reserve	Inflation Reserve	Special Fund Reserve	Accumulated Income Reserve	Total
Balance at 1 April 2014		353,807	155,865	7,241	(2,009)	514,904
Total comprehensive income for the year		(3,328)	0	0	35,870	32,542
Donations		0	0	(5,433)	0	(5,433)
Reserve transfers		3,328	510	0	(3,838)	0
Balance at 31 March 2015	13	353,807	156,375	1,808	30,023	542,013
Balance at 1 April 2013		371,422	155,718	0	(4,189)	522,951
Total comprehensive income for the year		(3,596)	0	0	11,419	7,823
Establishment of Special Fund Reserve		(17,615)	(7,385)	25,000	0	0
Donations		0	0	(17,759)	0	(17,759)
Reserves transfers		3,596	7,532	0	(9,239)	1,889
Balance at 31 March 2014		353,807	155,865	7,241	(2,009)	514,904

The notes on pages 4 to 17 are an integral part of these financial statements.

The Canterbury Community Trust

Statement of Cash Flows

For the year ended 31 March 2015

in New Zealand Dollars (\$000's)

	Note	2015	2014
Cashflows from operating activities			
Other income		4,850	6,487
Interest received		1,342	1,888
Cash paid to suppliers, employees and trustees		(4,699)	(4,572)
Donations		(26,801)	(23,398)
Net cash from operating activities	17	(25,308)	(19,595)
Cashflows from investment activities			
Managed funds investments		15,043	8,516
Proceeds from repayment of community loans		1,189	1,269
Sale of investment property and property, plant and equipment		3,550	456
New Community loans provided		(2,177)	(1,900)
Purchase of investment property and property, plant and equipment		(2)	(5,429)
Net Cash from investing activities		17,603	2,912
Net (decrease)/increase in cash and cash equivalents		(7,705)	(16,683)
Cash and cash equivalents at 1 April		24,435	41,118
Cash and cash equivalents at 31 March	12	16,730	24,435

The notes on pages 4 to 17 are an integral part of these financial statements.

The Canterbury Community Trust

Notes to the financial statements

For the year ended 31 March 2015

1 Reporting entity

The Canterbury Community Trust (the "Trust") is a charitable trust, domiciled in New Zealand, incorporated under the Community Trusts Act 1999. The financial statements have been prepared in accordance with the requirements of that Act and the Financial Reporting Act 2013, which has come into force from 1 April 2014 replacing the Financial Reporting Act 1993. The change in legislation has had no material impact on the Trust's obligation to prepare general purpose financial statements. For the purposes of financial reporting, the Trust is a not-for-profit public benefit entity. The Trust has a registered office at 12 Hazeldean Road, Christchurch.

Consolidated financial statements are presented for the Trust. The consolidated financial statements of the Group as at and for the year ended 31 March 2015 comprise the Trust 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.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

In addition to the change in legislation noted above under Reporting Entity, the External Reporting Board ("XRB") has released a new accounting standards framework which establishes the financial standards to be applied to entities with statutory financial reporting obligations. The Trust is currently reporting under NZ IFRS. Under the new XRB framework it is expected that the Trust will be reporting under the PBE Standards as applicable for not-for-profit entities ("PBE-NFP"). An assessment of the impact of applying the new PBE-NFP standards has not yet been completed, however it is anticipated that any material impact will be limited to the disclosure and presentation requirements. The new PBE-NFP standards will be applicable for the Trust's 31 March 2016 year end.

The financial statements have been approved by the Board of Trustees on 27 July 2015.

(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 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) Investments in associates and jointly controlled entities

Associates are those entities in which the Trust has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Trust holds between 20% and 50% of the voting power of another entity. The Trust's investments in associates are accounted for using equity method and are initially recognised at cost.

Jointly controlled entities are joint ventures through a separate vehicle and over whose activities the Trust has joint control, established by contractual agreement and requires unanimous consent for strategic financial and operating decisions. The Trust recognises its interest in jointly controlled entities using the proportionate consolidation method.

The Canterbury Community Trust

Notes to the financial statements

For the year ended 31 March 2015

3 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) 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. 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.

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 Statement of Comprehensive Income 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 profit and loss.

Investments in subsidiaries

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

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. Hedge accounting is not adopted and derivatives are recognised 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 profit and loss.

(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 profit and loss as incurred.

The Canterbury Community Trust

Notes to the financial statements

For the year ended 31 March 2015

3 Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is recognised in the profit and loss over the estimated useful lives of each part of an item of property, plant and equipment.

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

- Office equipment 6-60% diminishing value
- Furniture and fittings 14-40% diminishing value
- Computers 28-48% diminishing value
- Leasehold improvements 10% straight line

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 profit and loss. Investment property is revalued annually.

(f) 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 profit and loss.

(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 profit and loss. 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.

(g) Statement of Cash Flows

Cash comprises cash at bank but does not include cash or deposits held by the Fund Managers. Therefore the Statement of Cash Flows does not reflect the cash flows within the Fund Managers' portfolios.

(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 profit and loss. 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 profit and loss 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.

(iii) Movements in fair value

Revenue is reflective of changes in the fair value movement of investments held and are recognised in the profit and loss.

The Canterbury Community Trust

Notes to the financial statements

For the year ended 31 March 2015

3 Significant accounting policies (continued)

(j) Lease payments

Payments made under operating leases are recognised in the profit and loss 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.

(k) Finance expenses

Finance expenses comprise interest expense, 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 profit and loss.

(l) Distributions in the form of Donations

Distributions are accounted for as they are committed to be distributed to eligible organisations approved by the Trustees of the Trust. Committed donations are payable on the satisfaction of any conditions placed on the recipients. Donations no longer required or not fully utilised by recipients are written back to the Statement of Comprehensive Income.

(m) New standards adopted and interpretations not yet adopted

The following new interpretations and amendments to current standards are not yet effective for the year ended 31 March 2015, and have not been applied in preparing these consolidated financial statements. The Group expects the following amendments to standards to have an impact on its financial statements in future periods:

NZ IFRS 9 (2009) & (2010) "Financial Instruments" was approved for periods beginning on or after 1 January 2015. This standard replaces the multiple classification and measurement models in IAS 39 financial instruments: Recognition and measurement with a single model that has only two categories: amortised cost and fair value. The Group intends to adopt this standard from 1 April 2015. The new standard is not expected to significantly impact the Group but will result in some amended presentation within the Financial Statements.

As outlined in note 2(a), the Trust will adopt PBE-NFP accounting standards from 1 April 2015. As a result, the basis of preparation for the financial statements of the Trust will change. An assessment of the impact of this has not yet been completed.

(n) Change in accounting policies

Other than new standards adopted there have not been any changes in accounting policies during the year.

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

Valuers having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, value 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.

(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.

The Canterbury Community Trust

Notes to the financial statements

For the year ended 31 March 2015

in New Zealand Dollars (\$000's)

4 Determination of fair values (continued)

(c) Trade and other receivables

The fair value of trade and other receivables 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 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.

5 Revenue

	2015	2014
Interest received	1,342	1,888
Rents received	4,020	4,304
Profit on disposal of investment property	450	246
Change in fair value of investments (realised and unrealised)	49,709	24,834
	55,521	31,272

6 Investment fees

	2015	2014
Fund manager fees	712	1,334
Custodial fees	110	101
Property costs	921	633
Advisory fees	317	240
	2,060	2,308

7 Other expenses

	2015	2014
Advertising public relations, distribution and other costs	494	366
Computer costs	173	149
Depreciation	52	55
Professional fees	32	64
Property costs	185	154
Salaries, trustee fees and staff-recruiting fees	1,543	1,214
Share of profit/loss from associates	113	91
Auditor's remuneration		
- for audit of financial statements	36	28
- tax compliance services	48	52
	2,676	2,173

8 Donations

The names of the organisations to whom distributions have been made by the Group under section 13 of The Community Trust Act 1999 during the financial year and the amounts distributed are shown on the website commtrust.org.nz.

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

The Trustees recognise that there is a need to ensure 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.

The Canterbury Community Trust

Notes to the financial statements

For the year ended 31 March 2015

in New Zealand Dollars (\$000's)

9 Investment property

	2015	2014
Balance at 1 April	34,385	28,425
Acquisitions	-	5,382
Disposals	(3,100)	(210)
Change in fair value (unrealised) included in other income	1,510	788
Balance at 31 March	32,795	34,385

Investment property comprises a number of commercial properties that are leased to third parties: 95 Oxford Terrace, 105-117 Blenheim Road, 55 Shands Road, 126-128 Montreal Street (Christchurch), and 16 Parumoana Street (Porirua).

Properties were valued at 31 March 2015 by Telfer Young Limited, apart from Porirua which was valued by Darroch Limited at 28 February 2015.

The Trust is continuing to work with its insurers to settle outstanding insurance claims arising from the Canterbury earthquakes on properties located at: 262 Oxford Terrace, 141 Hereford Street, 253 Cambridge Terrace, and 242 Manchester Street, Christchurch.

The fair value movement in investment property is included in the change in fair value of investments in Note 5.

Measurement of fair value

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers assess the fair value of the Group's investment property portfolio at least annually.

The market value for each investment property has been established after consideration of two investment valuation approaches comprising Direct Capitalisation and Discounted Cash Flow. The results of the two approaches are reconciled and a market value established.

The primary approach is the Direct Capitalisation Approach as this most accurately reflects the investment strategy adopted by investors for the type of properties owned by the Group.

Key inputs to the Direct Capitalisation Approach are the assessment of market rent, its relationship to the contract rent, and the investment yield.

The market rent is based on the analysis of rental agreements for similar properties adjusted for quality, size, location and lease terms.

The investment yield is derived from market sales of similar investment properties adjusted for property specific attributes in terms of age, tenant quality, residual lease term, investment scale and building quality.

The Discounted Cash Flow Approach requires an identical analysis to establish the market rent. Other key inputs comprise expected rental growth, potential vacancies, capital outlay, the terminal yield and the discount rate.

As with the Direct Capitalisation Approach market transactions are analysed to establish the discount rate. Rental growth is based upon market expectations including anticipated CPI growth.

The allowance for vacancies reflects anticipated market demand at lease expiry and the probability of lease renewal.

The fair value measurement for investment property of \$32,795,000 has been categorised as Level 3 fair value based on the inputs to the valuation technique used.

During the year ended 31 March 2015, rent of \$3,057,000 was recognised in the Statement of Comprehensive Income (2014: \$3,153,000).

Canterbury Trust House Limited (a wholly owned subsidiary) has a 50% participating interest in an investment property in Porirua. Under the joint arrangement, rental revenue and all expenses are shared equally between each party.

The Group's share of the management fee for the property expensed in the Statement of Comprehensive Income is \$17,000; (2014:\$17,000).

10 Financial assets

	2015	2014
Non-current investments		
Loans and receivables	4,707	3,839
Financial assets at fair value through profit or loss	28,420	27,468
	33,127	31,307
Current investments		
Loans and receivables	1,133	961
Financial assets at fair value through profit or loss	472,182	439,978
	473,315	440,939

The Trust has a commitment to advance \$1,068,000 upon satisfaction of conditions, which is undrawn from approved loans.

Community loan are issued to not-for-profit organisations at below market interest rates and are secured where possible by a first ranking mortgage over real property.

The Canterbury Community Trust

Notes to the financial statements

For the year ended 31 March 2015

in New Zealand Dollars (\$000's)

11 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 \$1,226,000 (2014: \$1,550,000). It is not probable that the assets and liabilities will be realised in the foreseeable future.

12 Cash and cash equivalents

	2015	2014
Call Deposits	14,229	23,354
Bank balances	2,501	1,081
	16,730	24,435

The effective interest rate on call deposits in 2015 was an average of 4.35-4.61 percent (2014: 4.28-4.30 percent).

The deposits were on call deposit with the balance fluctuating on a daily basis.

13 Trust funds

Capital Base Reserve

The Capital Base Reserve arose when monies were received on the sale of the Trust Bank Canterbury to Westpac. Subsequently a portion has been applied to establish the Special Fund Reserve.

Inflation Reserve

The Inflation Reserve provides a fund to reflect the effects of annual inflation on the Capital Base Reserve, using the Consumer Price Index.

Special Fund Reserve

The Special Fund was created during the year as a response to the Canterbury earthquakes, and the reserve established by proportionate deductions from the Trust's Capital Base and Inflation Reserve.

Accumulated Income Reserve

The Accumulated Income Reserve reflects the accumulated surpluses/(deficits) from earlier periods.

14 Trade and other payables

	2015	2014
Other trade payables	429	557
Unpaid donations	14,593	17,666
	15,022	18,223

15 Financial instruments

Risk Management

Risks arising from the Group's financial assets and liabilities are inherent in the nature of the Group's activities, and are managed through an ongoing process of identification, measurement and monitoring. The Group is exposed to credit risk, liquidity risk, and market risk (including currency, interest rate and pricing risks).

The Group's income is generated from its financial assets. Liabilities which arise from its operations are met from cash flows provided by these assets.

Information regarding the fair value of assets and liabilities exposed to risk is regularly reported to the Board of Trustees. Under normal circumstances the Investment Portfolio is regularly rebalanced to ensure that asset classes remain within the Strategic Asset Allocation set out in the Trust's Statement of Investment Policy and Objectives (SIPO).

The SIPO sets out the Trustee's investment objectives. These can be summarised as:

1. To invest the Trust's assets in such a way as to deliver the best possible risk-adjusted returns over the long term.
2. To ensure that funds are available for distribution, as required, to meet the need and distribution policies of the Trust.
3. To maintain the value of the Trust's capital base in real terms.
4. To provide a modest level of additional capital growth.
5. To use best endeavours to invest prudently and consistent with its commitment to the United Nations Principles of Responsible Investment (PRI).

The Canterbury Community Trust

Notes to the financial statements

For the year ended 31 March 2015

in New Zealand Dollars (\$000's)

15 Financial instruments (continued)

The Investment Portfolio

The Trust manages its Investment Portfolio in terms of its SIPO. The SIPO is monitored on a regular basis by the Board of Trustees and, as required, amended to reflect international best investment practice. The Portfolio's Strategic Asset Allocation is reviewed at three yearly intervals. The Strategic Asset Allocation was last reviewed in early 2013. The Trust has engaged Mercer NZ Limited as its Investment Adviser for non-direct holdings.

Portfolio Characteristics

The Group is not directly involved with the analysis, sale or purchase of individual asset securities, apart from direct property. Investments are made in pooled funds with Fund Managers. The performance of each asset class is measured against an appropriate internationally accepted standard benchmark or index for each asset class.

Credit risk

Credit risk represents the risk that a counterparty to a financial asset fails to discharge an obligation which will cause the group to incur a financial loss.

The Group's credit risk arises from any default by a counterparty. The current exposure at balance date is the fair value of these assets as disclosed in the Statements of Financial Position.

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty or where a number of counterparties are engaged in similar business activities, geographical regions, or similar economic features that would influence their ability to meet their contractual obligations by reason of changes in economic, political or other conditions.

The Group manages credit concentration risks through:

1. A diversified and non-correlated portfolio of investments across traditional and alternative classes.
2. Through use of a multi-fund manager approach to investments in its portfolio.
3. By ensuring compliance with the individual mandate requirements of each investment.

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 sets out minimum credit standards that must be maintained before investments will be made in a range of asset classes.

Credit Risk Ratings of Investments

31 March 2015

Investments which are rated:	AAA to AA-	A+ to A-	BBB	BB, CCC, NR Other	\$000
New Zealand Bonds	56.0%	41.7%	0.0%	2.2%	162,207
Global Bonds	64.1%	13.7%	19.8%	2.5%	131,951
Cash	86.3%	0.3%	12.0%	1.4%	16,731

31 March 2014

Investments which are rated:	AAA to AA-	A+ to A-	BBB	BB, CCC, NR Other	\$000
New Zealand Bonds	62.9%	34.8%	0.0%	2.3%	152,724
Global Bonds	56.6%	10.5%	29.5%	3.4%	120,046
Cash	51.8%	12.5%	35.0%	0.7%	24,435

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities. This risk is managed through the Group's investment in a diversified portfolio of financial assets. The Group evaluates its liquidity measurements on an ongoing basis.

The Group's investment portfolio mainly consists of listed securities which under normal market conditions are readily convertible to cash. In addition the Trust maintains sufficient cash and cash equivalents to meet normal operating requirements.

The Group's financial liabilities comprise of other trade payables and unpaid donations. At balance date, all Accounts Payable were current and are normally settled on the 20th of the month following invoice date. Outstanding Donations Payable are settled as the terms and conditions of payment for each donation are satisfied.

The Canterbury Community Trust

Notes to the financial statements

For the year ended 31 March 2015

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15 Financial instruments (continued)

Market risk

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

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial assets. The Group's investment in global bonds is held in a pooled fund. As such movements in interest rates will be reflected in each pooled fund's fair value asset pricing. New Zealand Bonds are held in a pooled fund. The exposure to movement in the fair value of the Group's bond portfolios is discussed in the note on pricing risk.

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 Trust'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.

Pricing risk

Pricing risk is the risk that the fair value of financial assets will increase or decrease as a result of changes in market prices, whether these changes are caused by factors specific to individual stocks or factors affecting all financial assets in the market. Pricing risks arise from the Group's investment portfolio.

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, net of related derivative liabilities:

Carrying amount	2015	2014
New Zealand Community Loans	5,840	4,800
New Zealand Cash	88,386	86,057
New Zealand Fixed interest	90,551	91,102
New Zealand Property	13,649	13,262
Australasian Equities	45,692	43,815
Private Equity	14,771	14,206
Global Bonds	131,951	120,046
Global Equities	100,325	94,046
Emerging Market Debt	18,135	16,928
Emerging Market Equities	13,872	12,419
Total Financial Assets	523,172	496,681

Global Bonds, Global Equities, Australasian Equities, Emerging Market Debt and Emerging Market Equities contain investments denominated in US Dollars and Australian Dollars.

The Group has uncalled commitments to private equity funds totalling \$8,185,000 (2014: \$12,161,000).

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15 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. Note that contractual cash flows from securities that are tradeable but not fixed interest are assumed to be 6 months or less.

2015	Balance sheet	Contractual cash flows	6 months or less	6-12 months	1-2 Years	2-5 Years	More than 5 Years
<i>Financial liabilities and derivatives</i>							
Trade and other payables	15,022	15,022	15,022	0	0	0	0
	15,022	15,022	15,022	0	0	0	0

2014	Balance sheet	Contractual cash flows	6 months or less	6-12 months	1-2 Years	2-5 Years	More than 5 Years
<i>Financial liabilities and derivatives</i>							
Trade and other payables	18,223	18,223	18,223	0	0	0	0
	18,223	18,223	18,223	0	0	0	0

Foreign currency exchange risk

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

2015	USD	AUD
Foreign currency risk		
Investments	35,776	27,479
Net balance sheet exposure before hedging activity	35,776	27,479
Forward exchange contracts		
Notional amounts	9,275	7,071
Net unhedged exposure	26,501	20,408
2014		
Foreign currency risk		
Investments	31,736	25,021
Net balance sheet exposure before hedging activity	31,736	25,021
Forward exchange contracts		
Notional amounts	8,031	6,271
Net unhedged exposure	23,705	18,750

The foreign currency risk of certain investments is managed within the fund. The Group is unable to quantify the extent that this risk is managed. The foreign currency exchange risk is the New Zealand equivalent value.

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15 Financial instruments (continued)

Interest rate risk - 2015

Interest rate risk at 31 March 2015 occurs in the following investments:

	Carrying amount \$000's
Loans and receivables	5,840
New Zealand Cash	88,386
New Zealand Fixed Interest	90,551
Global Bonds	131,951
Emerging Market Debt	18,135
	334,863

Interest rate risk -2014

Interest rate risk at 31 March 2014 occurs in the following investments:

	Carrying amount \$000's
Loans and receivables	4,800
New Zealand Cash	86,057
New Zealand Fixed Interest	91,102
Global Bonds	120,046
Emerging Market Debt	16,928
	318,933

At 31 March 2015 the Group had no interest rate swaps (2014: none).

Capital Management

The Group's capital includes Capital Base Reserve, Inflation Reserve, Special Fund Reserve and Accumulated Income Reserve.

The Group's policy is to maintain a strong capital base so as to maintain stakeholder confidence and to sustain future development of The Canterbury Community Trust. This is achieved by setting aside each year sums from reserves to increase the Trust Capital by the annual rate of inflation as measured by the Consumer Price Index. The donations policy is adjusted as required based on the financial performance of the Group's investments.

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.

Measurement of fair value

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

The market comparison valuation technique is applied to determine the fair values of managed funds and forward exchange contracts. These fair values are based on broker quotes. Similar securities and contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments. Significant unobservable inputs are not applicable. Accordingly there is no inter-relationship between significant unobservable inputs and fair value measurement.

Fair value hierarchy

NZ IFRS 7 (PBE) Financial Instruments: Disclosures requires that the classification of financial instruments at fair value through profit and loss be determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

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

The Canterbury Community Trust

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15 Financial instruments (continued)

The fair value of the financial instruments as well as methods used to estimate the fair values are summarised in the following table:

2015	Level 1	Level 2	Level 3	Total
<i>Financial Assets</i>				
Investments	0	468,563	32,039	500,602
2014	Level 1	Level 2	Level 3	Total
<i>Financial Assets</i>				
Investments	0	436,483	30,963	467,446

Reconciliation of Level 3 financial assets

	2015	2014
Opening balance	30,963	13,046
Purchases	1,862	1,822
Sales	(2,730)	(1,073)
Total unrealised gains and losses recognised in profit and loss	1,944	947
Transfers in to Level 3	0	16,221
Closing balance	32,039	30,963
Total gains and losses for assets held at end of the year	1,944	947

The Group has investments which were previously classified as level 2 of the fair value hierarchy at 31 March 2013. During 2014 these investments did not have observable market data, so the fair value measurement has been transferred from level 2 to level 3 of the fair value hierarchy at 31 March 2014. There have been no similar transfers in 2015.

Disclosures in respect of the valuation techniques used are made in note 4.

Sensitivity Analysis

For the fair value of private equity investments reasonably possible changes at the reporting date to one of the significant unobservable inputs would not have a material effect.

16 Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2015	2014
Less than one year	147	147
Between one and five years	306	453
More than five years	0	0
	453	600

Leases as lessor

The Group leases out its investment property held under operating leases (see note 9). The future minimum lease payments under non-cancellable leases are as follows:

	2015	2014
Less than one year	2,139	2,403
Between one and five years	5,736	5,853
More than five years	3,620	4,278
	11,495	12,534

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

	2015	2014
Total comprehensive income for the year	32,542	7,823
Adjustments for:		
Depreciation	52	55
(Gains)/losses on disposal of property, plant and equipment	(450)	(246)
Change in fair value of investment property	(1,510)	(788)
Change in value of loans	(52)	957
Share of associate (profit)/loss	113	91
Managed funds income (gains)/losses	(48,199)	(24,046)
Donations recognised in equity	(5,433)	(15,870)
Change in trade and other receivables	830	2,184
Change in trade and other payables	(3,201)	10,245
Net cash from operating activities	(25,308)	(19,595)

18 Related parties

Transactions with key personnel

Key personnel compensation comprised:

Trustees		2015	2014
T Berry	Fees	12	0
R Bridge	Fees	19	16
T Chambers	Fees	16	24
W Dahlberg	Fees	17	18
T de Reeper	Fees	10	0
T Fakahau	Fees	12	0
P Graham	Fees	14	14
C Korako	Fees	16	16
S McKenzie	Fees	15	15
B Moore	Fees	5	15
A Neill	Fees	0	10
M Spence	Fees	3	15
J Spooner	Fees	19	12
J Thomas	Fees	3	16
SJ Weir	Fees	13	0
R Wells	Fees	15	15
		189	186

Parent transactions with Group entities

			Interest received	Management fees received	Expenses contribution paid	Distributions paid	Amounts owed by related parties
Canterbury Trust House Limited	Subsidiary	2015	754	48	0	0	17,048
		2014	509	43	0	0	17,748
The Canterbury Community Trust Charities Limited	Subsidiary	2015	388	0	0	15,000	2,350
		2014	542	0	0	15,000	(3,900)
Canterbury Direct Investments Limited	Subsidiary	2015	432	0	0	0	10,084
		2014	332	0	0	0	10,469
Te Kete Putea Partnership	Associate	2015	0	0	120	0	0
		2014	0	0	84	0	0

The Canterbury Community Trust

Notes to the financial statements

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19 Group entities

Significant subsidiaries	Country of ownership incorporation	Interest (%)	
		2015	2014
Canterbury Trust House Limited	New Zealand	100%	100%
The Canterbury Community Trust Charities Limited	New Zealand	100%	100%
Canterbury Direct Investments Limited	New Zealand	100%	100%
Associates			
Te Kete Putea Partnership Limited (TKP)	New Zealand	23%	23%

This entity provides Donations Management Software services to the Group. The Group has determined that it has significant influence because it has representation on the board of the investee, but not the ability to govern the financial and operating policies of TKP.

20 Contingencies

There were no contingencies at 31 March 2015 (2014: None).

21 Subsequent Events

There were no significant events occurring subsequent to 31 March 2015 (2014: None).



Independent auditor's report

To the Trustees of The Canterbury Community Trust

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of The Canterbury Community Trust and its subsidiaries ("the group") on pages 1 to 17. The financial statements comprise the consolidated statement of financial position as at 31 March 2015, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustees' responsibility for the consolidated financial statements

The Trustees are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards for Public Benefit Entities) and for such internal control as the Trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

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

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

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

Our firm has also provided other services to the group in relation to taxation. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.



Opinion

In our opinion, the consolidated financial statements on pages 1 to 17 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the consolidated financial position of The Canterbury Community Trust as at 31 March 2015 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards for Public Benefit Entities.

KPMG.

27 July 2015
Christchurch