

**ROD DONALD BANKS
PENINSULA TRUST
TE PATAKA O RAIKAIHAUTU**

ANNUAL ACCOUNTS

FOR

YEAR ENDED 30 JUNE 2012

CONTENTS

Contents 1
Directory..... 2
Annual Progress Report..... 3
Statement of Comprehensive Income 9
Statement of Changes in Equity 10
Statement of Financial Position 11
Statement of Objectives and Performance..... 12
Notes to the Financial Statements 13
Auditor’s Report 19

DIRECTORY

Address	53 Hereford Street Christchurch P.O. Box 5 Little River Banks Peninsula 7591
Trustees	G Moore (Chair) C Reid S Miller S Wright-stow T Korako N Shirlaw S Mortlock
Bankers	Bank of New Zealand Christchurch
Auditors	Audit New Zealand on behalf of the Auditor General
Email	<i>info@roddonaldtrust.co.nz</i>

Annual Progress Report

Financial Year June

2011-12

Introduction

The first part of the financial year was an extremely difficult one for the Trust due to the aftermath of the 22 February 2011 earthquake. The Trustees had met on the morning of 22 February in Cathedral Square, but were not able to meet again until August. By then the Trust had started to regain its momentum and it made considerable progress during the remainder of the year, including setting up its own secretariat, conducting a stocktake of the environmental work in progress on the Peninsula, setting clear strategic goals and initiating action for those goals with specific projects.

Secretariat

The Trust was pleased to contract Suky Thompson as its secretary from July 2011 after considerable search for a suitable person. In addition to providing administrative skills and office facilities, Suky Thompson brings an empathy with the objectives of the Trust and an in-depth knowledge of the Peninsula built up over twenty years of work on its heritage and environmental projects.

With its secretary engaged, the Trustees were able to begin meeting regularly and the secretariat was gradually established, retrieving essential documents as they became accessible from Council staff who had serviced the Trust's administrative needs since its inception but post-earthquake were busy with more pressing matters. The Trust appreciates the support it has had from the Council Corporate Finance staff and they continue to provide accountancy and banking services. The secretary has recently been working with these staff to establish roles and a timely flow of information necessary to meet statutory reporting deadlines.

At the end of the year Suky Thompson was contracted for a further year and given the additional responsibility of managing the Trust's projects. She is contracted to work on a part time as needed basis with a guideline of approximately 2 days per week.

Initial Stocktake

From the outset, the Trust had established that it would best achieve its objectives for sustainable management and conservation of the Peninsula's natural environment and associated recreation by acting as a facilitator, conduit and connector assisting existing groups with projects that aligned to the Trust's objectives and taking a lead role only where gaps in the existing mix were identified. The initial step was therefore to conduct a stocktake to pull together a list of organisations involved with such work, learn of their projects, the issues they face and how the Trust could be of most assistance. The stocktake process identified 89 organisations (and parts of organisations) involved with these types of projects and included in-depth qualitative interviews with representatives from government organisations (DOC, CCC, Ecan) working on the Peninsula environment, the two Community Boards, the five runanga, environmental scientists from both Lincoln and Canterbury universities and a wide range of community groups involved with conservation, eco-tourism, walking and cycling recreation. The interviews were then systematically analysed to determine how the Trust could position itself through a mix of direct funding of projects, initiating new projects, plugging environmental gaps in the current mix of work, and overcoming some of the systemic issues that hamper progress. The following themes emerged from the interviews indicating how the Trust could be of most

assistance:

- Kotahitanga – providing an umbrella co-ordination role linking together the work of many groups and organisations to achieve collectiveness, cohesion, oneness and unity.
- Recreation leadership – to get people, particularly young people, engaged with and appreciating the environment through walking, cycling and affordable camping. Co-ordinating and facilitating a network of long distance walking and cycling routes was identified as a gap that the Trust would be in a good position to fill.
- Provision of public education - through its website, and interpretation at places such as walking tracks, campgrounds and along the lakes.
- Supporting biodiversity - through direct funding to existing organisations, particularly the Banks Peninsula Conservation Trust whose success at co-ordinating the biodiversity efforts of government and community organisations was recognised as bringing wide ranging benefits.
- Supporting sustainable community development - through direct funding projects such as the management improvements to Te Roto o Wairewa and/or facilitating a sustainable living and knowledge centre.

Strategic Goals

Upon receipt of the initial stocktake report, the Trust held a strategic planning workshop to determine whether to continue stocktaking, what mix it should adopt between leading projects and supporting others, how to allocate its funds and the relationships envisaged with other organisations. This workshop determined that sufficient stocktaking work had been completed to enable the Trust to make an effective start as the mix of projects underway had been categorised and the main environmental gaps and systemic issues groups face had been identified. From this the Trust then re-affirmed and extended its strategic goals and determined the following key pillars to underpin the delivery of its vision over the next three years:

- Access - encompassing people accessing the Peninsula environment through the provision of walkways, camping grounds and eco-tourism etc.
- Knowledge - encompassing a leadership role in knowledge sharing on environmental issues, provision of a knowledge centre, connecting people and communities, effective investments.
- Partnership - encompassing working with others on practical projects that they have initiated.

The Trust also made some key determinations about the use of its capital, and developed its investment policy. The key determinations were:

- Capital funds would be expended over approximately a 20 year period.
- Up to 40% would be used in the next 5 years.
- Capital would be used for projects that left an enduring legacy.
- The Trust would aim to partner with others on projects at a ratio of 1:5 (20% funder).
- Interest would fund annual operating expenditure, minor projects and grants.
- Prior to expenditure, the capital fund would be invested ethically and locally but the Trust would be able to respond rapidly if appropriate opportunities arose.

The decision to invest locally and ethically, seeking to build relationships with a range of New Zealand based financial institutions while meeting objectives of security, liquidity and income has meant that the Trust's investment policy includes making some limited investments in organisations (such as ethical investor Prometheus Finance) which fall outside the Christchurch City Council investment policy (which restricts fixed income investment to AAA- credit rated organisations only). This has involved Trustees in prolonged dialogue with Council staff and the Investment policy is awaiting approval by the Council.

Projects

During the 2011-12 year, the Trust determined to fund three projects being carried out by partners which met both its objectives and strategic goals. It has also initiated a number of projects to further establish its presence and to progress areas where it may later take a leadership role.

Publication of “Plant life of Banks Peninsula”

The Trust is the lead sponsor assisting with the publication of the book “Plant life of Banks Peninsula” by eminent Peninsula botanist Hugh Wilson. The stocktake established that Hugh Wilson’s botanical guidance and his experience as the manager of the very successful Hinewai Reserve had been both innovative and inspirational to others across all the organisations working toward the sustainable management and conservation of the Peninsula. After a lightning strike had sparked a major fire through part of the upper regenerating area of the Hinewai reserve, the Trust contacted Hugh to offer its assistance. Sponsorship of the book through loan funding emerged as the optimal way to both assist and further the Trust’s Knowledge pillar. With the funding secured, Hugh Wilson has been able to progress the book to the publication stage while also working on fire recovery at Hinewai. Final proofs are now in preparation for this definitive A4 size reference book which will include all the native and most exotic plants found on the Peninsula complete with colour illustrations. The loan will be made using the Trust’s capital funds channelled through Prometheus finance, building relations with this ethical investor. The funds will be repaid as revenue accrues from the book sales. This will be the first loan for the Trust and work is in progress to formalise the loan mechanism.

Purchase of a strategic reserve property

The Trust is working in partnership with the DOC Nature Heritage Fund and the Joseph Langer Trust to purchase a strategic property falling with a Primary area of interest identified in the Council’s Open Space Strategy and to facilitate a Primary recreation route segment. The project involves the Trust putting in a capital stake, and then assisting with local community involvement to develop and nurture the reserve. DOC would own and manage the reserve which has botanical as well as recreational value and take responsibility for installing the walking track. Capital funds are earmarked for this project which will create an enduring legacy for both conservation and recreation on the Peninsula.

Funding for Banks Peninsula Conservation Trust

The stocktake identified that funding for the Banks Peninsula Conservation Trust (BPCT) would provide the best way for the Trust to start on its biodiversity support for the Peninsula environment. A number of organisations expressed recognition for the excellent job the BPCT had been doing in co-ordinating biodiversity efforts and identified the difficulty community groups have in sourcing funding for their core administrative staff as a systemic issue. When the BPCT found itself in just this position and approached the Trust for assistance with continued funding for its co-ordinator position or face a crisis, the Trust determined to assist with a three year grant to provide the BPCT with some stability, and also to work to assist it to improve its long term sustainability and funding. In doing so the Trust is achieving its own conservation objectives and building a key partnership. A memorandum of understanding is in progress to formalise the grant and the mechanisms guiding a partnership between the two organisations to achieve their shared objectives. Funds derived from annual interest income are earmarked for this grant.

Website development

The Trust has contracted Tai Tapu based design company Kopara Creative to develop clear and attractive branding to assist it with communications. Once the branding is in place, the Trust will work to design and develop its website to both promote its own news and to act as its communication forum and provide an umbrella function for groups with shared and overlapping objectives. The Trust is working now to contact all the groups identified in its stocktake to build relationships with them and to garner information on how an umbrella website can best serve them.

It is anticipated that this will strengthen relationships, guide knowledge sharing and help build partnerships. Again, funds from annual interest income are earmarked for this project.

Walkway strategy

The Trust has explored its interest in recreational walking on the Peninsula in a number of ways during the year. Initially effort was put into a plan to purchase property in Le Bons Bay in conjunction with the DOC Nature Heritage fund but unfortunately, the bid was not successful and the project then ceased.

The Trust has also developed a relationship with the Walking Access Commission and made a presentation to their Board at which it was commended for its concept of using walking tracks to connect communities.

Now the Trust is working in-house to further define its walkway strategy teasing out its objectives for walking on the Peninsula as a precursor to holding discussion forums, forming partnerships with other organisations and working in conjunction with communities and landowners to further its goal of increased recreational walking access on the Peninsula. Costs of the strategy development and liaison with partners will be funded from annual interest income, but any land purchases, long term easements or other capital investments resulting from the strategy and community consultation are expected to draw on capital funds. The walkway strategy is being developed as a precursor to investigating the provision of affordable camping and the provision of educational interpretation. The Trust appreciates the support of Council GIS and planning staff in supplying it with the Geomedia software and GIS data necessary to inform its strategy development.

Environmental education and Alternative Energy Centre

The Trust is also at the early stages of working in-house to crystallise its ideas for an environmental and alternative energy centre and examining various other community initiatives in the category of fostering sustainable living.

Trust Board

The initial trustees were selected for the breadth of their perspectives on the Peninsula and the depth of their knowledge of its diverse communities. They have worked cohesively to first develop the Trust's objectives and its deed, and then its statement of intent. The initial appointments were for terms of between one and three years with the terms staggered by ballot to ensure continuity. There are seven initial Trustees, and the Trust deed provides for a maximum of 9 Trustees with the Board having the power to co-opt. The current Board still consists of the initial Trustees and secretary, these being:

Garry Moore Chairperson

Garry Moore served Christchurch City as its mayor for three terms. During his final term the neighbouring Banks Peninsula District City was abolished and the City Council took over as the territorial authority. Garry was instrumental in initiating the Trust and securing its funding as a way to perpetually remember the contribution of parliamentarian Rod Donald to environmental projects and for the city to embrace Banks Peninsula. As a city resident, he has enjoyed many happy years of family recreation on Banks Peninsula and has a 100 year vision for its restoration as an environmental jewel. Garry Moore is appointed as Trustee until June 2014.

Rod Donald Banks Peninsula Trust

**Nicola Shirlaw
Trustee**

Nicola Shirlaw has worked variously for community organisations and government departments, and served on management committees and school boards. Currently she works on the Peninsula at the Little River Gallery as well as for the community organisation Social Development Partners, and is completing a degree in Political Science at the University of Canterbury. Nicola is a representative of Rod Donald's family and provides the Trust with a sounding board for the application of his values to its work. Nicola Shirlaw is appointed as Trustee until June 2014.

**Stuart Wright-stow
Trustee**

Stuart Wright-stow is a Peninsula entrepreneur, businessman, resident and was a close friend of Rod Donald. He and his wife own the Little River Gallery and formerly owned the adjacent store. The development of these were instrumental in changing the township from a drive through on the main highway to a "must stop" destination. His latest project is to provide a unique form of accommodation to cyclists on the Little River Rail Trail in converted silos. Stuart Wright-stow is appointed Trustee until June 2014.

**Simon Mortlock
Trustee**

Simon Mortlock is a founding partner of Christchurch-based law firm Mortlock McCormack Law and brings to the Board his skills and experience in business startup and strategy, contracts, governance, joint ventures, property development, local government and trusts. Simon also serves as a trustee and director on several other trusts involved with youth development and environmental protection. Simon Mortlock lives in Governor's Bay on Banks Peninsula and has a deep love of the Peninsula and a strong interest in recreational walking and the coastline. Simon Mortlock is appointed Trustee until June 2013.

**Stewart Miller
Trustee**

Stewart Miller has extensive knowledge of the Peninsula built up during many years operating his family dairy farm in McQueens Valley combined with a wide range of public service, including as Chairman of the Akaroa/Wairewa community board and chairing the development of the Banks Peninsula District Plan. Although he has now retired from active farming he continues to serve as a member of the Community Board. Stewart Miller is appointed Trustee until June 2013.

**Claudia Reid
Trustee**

Claudia Reid is serving the Peninsula community in her second term as a Christchurch City Councillor. She describes herself as quietly and effectively carrying the Peninsula's voice directly to the Council table. She lives in Diamond Harbour and is passionate about the arts and the environment and also serves as a director of Christchurch and Canterbury Tourism and a board member of Canterbury Museum. Claudia Reid is appointed Trustee until June 2012 and has offered to serve for a further three year term.

**Tutehounuku Korako
Trustee**

Tutehounuku (Nuk) Korako has lengthy experience at a senior level in the tourism industry and is the owner and director of Christchurch-based International Inbound Tourism Services Ltd. He is a member of the Te Runanga o Ngai Tahu board and very actively engaged in with the Banks Peninsula Maori community, particularly at Rapaki where he resides with his family and has been instrumental in the development of its beautiful new whare whakairo. Tutehounuku Korako is appointed Trustee until June 2012 and has offered to serve for a further three year term.

Suky Thompson
Secretary/Project
Manager

Suky Thompson has been involved with projects to protect the heritage and environment of the Peninsula during her 20 years as a resident of Robinsons Bay near Akaroa. She operates a small business conducting heritage tours in Akaroa and a consultancy specialising in Peninsula projects. She is currently studying part time for a Master of Applied Science at Lincoln University with a focus on recreational walking. Suky Thompson has been appointed as Secretary/Project manager for the Trust until June 2013.

**Statement of Comprehensive Income
for the year ended 30 June 2012**

	Note	2012 \$	2011 \$
Grants and Donations	2(a)	-	3,503,883
Interest income	2(a)	157,569	64,989
Total revenue		<u>157,569</u>	<u>3,568,872</u>
Auditors remuneration	3	3,375	2,500
Other expenses	2(b)	20,010	1,362
Total expenses		<u>23,385</u>	<u>3,862</u>
Profit before income tax expense		<u>134,184</u>	<u>3,565,010</u>
Income tax expense		-	-
Net Surplus for the year		<u>134,184</u>	<u>3,565,010</u>
Other Comprehensive Income		-	-
Total Comprehensive Income		<u>134,184</u>	<u>3,565,010</u>

The accompanying notes form part of these financial statements.

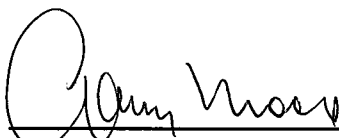
**Statement of Changes in Equity
for the year ended 30 June 2012**

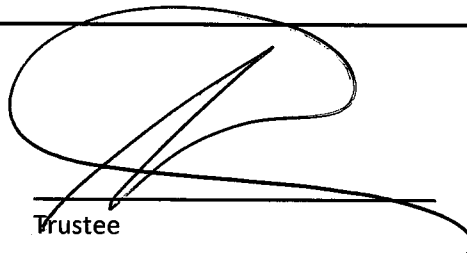
	2012	2011
	\$	\$
Balance as at 1 July	3,565,010	-
Total comprehensive income for the year	134,184	3,565,010
Balance as at 30 June	<u>3,699,194</u>	<u>3,565,010</u>

The accompanying notes form part of these financial statements.

**Statement of Financial Position
as at 30 June 2012**

	Note	2012 \$	2011 \$
Current assets			
Cash and cash equivalents	7	981,807	377,075
Trade and other receivables	4	70,387	40,435
Other financial assets - short-term deposits	7	1,500,000	1,750,000
Total current assets		<u>2,552,194</u>	<u>2,167,510</u>
Non-current assets			
Other financial assets - long-term deposits	7	1,150,000	1,400,000
Total non-current assets		<u>1,150,000</u>	<u>1,400,000</u>
Total assets		3,702,194	3,567,510
Current liabilities			
Trade and other payables	5	3,000	2,500
Total current liabilities		<u>3,000</u>	<u>2,500</u>
Non-current liabilities			
Borrowings		-	-
Total non-current liabilities		<u>-</u>	<u>-</u>
Total liabilities		3,000	2,500
Net assets		<u>3,699,194</u>	<u>3,565,010</u>
Equity			
Capital and other equity instruments		-	-
Retained earnings	6	3,699,194	3,565,010
Total equity		<u>3,699,194</u>	<u>3,565,010</u>


Trustee


Trustee

21.09.2012
Date

21/9/12
Date

The accompanying notes form part of these financial statements.



Statement of Objectives and Performance for the year ended 30 June 2012

Financial Performance Targets

	2012 Actual \$	2012 Target \$	Variance \$
Ratio of Trust Funds to Total Assets	100%	100%	0%

Key Performance Targets

Target:	2012 Actual	2012 Performance Measure
Inform the public and relevant interest groups of the existence and purpose of the RDBPT.	<ul style="list-style-type: none"> • Information about the RDBPT settlement and its purpose was published in local newspapers. • A draft communications policy has been developed. • A URL of www.rodonaldtrust.co.nz has been purchased by the Trust and an interim web page uploaded 	Develop and implement a communications and advertising policy for the RDBPT.
Develop relationships with existing interest groups on Banks Peninsula with similar aims, along with relevant government agencies and territorial authorities.	<ul style="list-style-type: none"> • As part of its "Stocktake" project a list of relevant interest groups has been compiled • The Trust has contacted and held discussions with key contacts within 26 groups deemed most relevant. Discussions have included their projects and areas where the groups feel assistance from the Trust is most needed • This has included discussions with the Chairs of both of the Peninsula Community 	<p>Develop a list of key interest groups that the RDBPT would like to work with.</p> <p>Meet with key contacts within the groups to discuss their projects and the manner in which the RDBPT can work with them.</p>
Explore options for growing the trust fund.	<ul style="list-style-type: none"> • An investment policy has been developed. This is awaiting approval by Council • A relationship has been developed with Department of Conservations Nature Heritage Fund • A relationship has been developed with the Walking Access Commission 	<p>Develop an investment policy for the RDBPT.</p> <p>Identify other bodies which have funds available for projects aligned with the objectives of the RDBPT, develop strategic relationships with these bodies.</p>
Identify key projects the Trust is to be involved in over the 2011/12 to 2012/13 financial years.	<ul style="list-style-type: none"> • The Stocktake report has been completed to enable the Trust to begin the process of identifying projects • Three key areas have been identified as pillars of the Trust's project work –these are Access, Knowledge and Partnerships • Three key projects with partners have been identified and work is in progress. These include the DoC Nature Heritage Fund, publication of the book "Plantlife of Banks Peninsula", and 3 year funding grant to the Banks Peninsula Conservation Trust. • A loan policy is under formulation and investigation 	<p>In conjunction with Indicator 2, establish a list of the projects which will be the key focus of the RDBPT in the short to medium term, and the assistance that the RDBPT will provide in respect to these projects.</p> <p>Develop a distributions policy in respect to the distributions to be made to any projects identified.</p>
Provide tangible support for the key projects identified above.	<ul style="list-style-type: none"> • The project to publish a book by Hugh Wilson, entitled "Plant Life of Banks Peninsula" is in progress as a result of support from the Trust. This will support Pillar 2 – Knowledge and Pillar 3 - Partnerships • A project to purchase a property is in progress in conjunction with the Nature Heritage Fund. This will support Pillar 1 Access and Pillar 3 – Partnerships. • A three year grant commitment has been made to the Banks Peninsula Conservation Trust, for which a memorandum of understanding is being drafted. This will support Pillar 3 Partnerships and help achieve the Trust's biodiversity and sustainable conservation management goals. • The Trust has a current project to develop its branding and then website. This will enable it to further its goals of Pillar 2 Knowledge sharing and Pillar 3 partnerships. • The Trust has a current project to develop a walking strategy which will further its Pillar 1 Access. 	Evidence of projects that are either in progress or completed due to support from the RDBPT.

Notes to the Financial Statements

1. Statement of Significant Accounting Policies

a. Reporting Entity

These are the financial statements of the Rod Donald Banks Peninsula Trust, a Charitable Trust created by the Christchurch City Council on 12 July 2010. The Trust was established to honour the memory of Rod Donald and his commitment to Banks Peninsula and the Trust exists for the benefit of the present and future inhabitants of the Banks Peninsula and visitors to the region.

The Trust's long term vision is to restore the Banks Peninsula to its traditional status as Te Pataka o Rakaihautu – the storehouse that nourishes. In pursuit of this vision the Trust promotes the sustainable management and conservation of the natural environment of the Banks Peninsula.

The financial statements of the Trust are for the year ended 30 June 2012. The financial statements were approved for issue by the Board of Trustees on 21 September 2012.

b. Basis of financial statement preparation

The financial statements of the Rod Donald Banks Peninsula Trust have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for public benefit entities.

Differential Reporting

The Trust is a qualifying entity within the Framework for Differential Reporting. The differential reporting option is available to the Trust as it is not large within the meaning of this term as set out in the Framework and is not publicly accountable. The Trust has taken advantage of all differential reporting concessions available to it.

The financial statements are prepared under the historical cost convention, as modified by the revaluation of investment properties.

The functional and presentation currency is New Zealand dollars, and all values are rounded to the nearest dollar.

c. Revenue

Revenue is measured at the fair value of consideration received. Interest income is recognised using the effective interest method.

d. Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

e. Income tax

The Inland Revenue Department (IRD) has confirmed that the Trust has charitable status for tax purposes and is therefore not liable for income tax.

f. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less.

g. Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost less impairment provision.

h. Trade and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost.

i. Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

j. Goods and Services Tax

The Rod Donald Banks Peninsula Trust is not registered for GST. All amounts stated are inclusive of GST where applicable.

k. Provisions

A provision is recognised in the balance sheet when the Trust has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

I. Critical accounting estimates and assumptions

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

2. Profit from operations

a. Revenue

	2012 \$	2011 \$
Revenue from operations		
Grants & Donations	-	3,503,883
	<u>-</u>	<u>3,503,883</u>
Other Income		
Interest received	157,569	64,989
	<u>157,569</u>	<u>64,989</u>
Total revenue	<u><u>157,569</u></u>	<u><u>3,568,872</u></u>

b. Expenses

	Note	2012 \$	2011 \$
Other Expenses:			
Professional Fees		14,009	1,323
Trustees Insurance		5,520	-
Marketing & Publicity		211	-
General		239	-
Bank Charges		31	39
		<u>20,010</u>	<u>1,362</u>
Total expenses		<u><u>20,010</u></u>	<u><u>1,362</u></u>

3. Remuneration of Auditors

	2012 \$	2011 \$
Audit New Zealand:		
Audit of financial statements	3,375	2,500
	<u>3,375</u>	<u>2,500</u>

4. Current trade and other receivables

	2012	2011
	\$	\$
Debtors and Accruals	-	-
RWT Receivable	996	-
Interest Receivable	69,391	40,435
	<u>70,387</u>	<u>40,435</u>

The carrying value of trade and other receivables approximates their fair value.

5. Current trade and other payables

	2012	2011
	\$	\$
Trade payables	-	2,500
General accruals	3,000	-
	<u>3,000</u>	<u>2,500</u>

6. Retained Earnings

	2012	2011
	\$	\$
Balance at beginning of financial year	3,565,010	-
Surplus/(deficit)	<u>134,184</u>	<u>3,565,010</u>
Balance at end of financial year	<u>3,699,194</u>	<u>3,565,010</u>

7. Financial Instruments

Financial instruments are cash and cash equivalents and term deposits as set out below.

	2012	2011
	\$	\$
Current Financial Assets:		
<u>Cash and cash equivalents</u>		
Current account - Bank of New Zealand	172,807	377,075
Kiwibank term deposits	809,000	-
Total cash and cash equivalents	<u>981,807</u>	<u>377,075</u>
<u>Short - term deposits</u>		
CBS term deposit	-	250,000
Kiwibank term deposits	1,500,000	1,500,000
Total short - term deposits	<u>1,500,000</u>	<u>1,750,000</u>
	<u>2,481,807</u>	<u>2,127,075</u>
Non-Current Financial Assets		
CBS term deposit	250,000	-
Kiwibank term deposits	900,000	1,400,000
	<u>1,150,000</u>	<u>1,400,000</u>
	<u>3,631,807</u>	<u>3,527,075</u>

Risk

The Trust has policies to manage the risks associated with financial instruments. The Trust is risk averse and seeks to minimise exposure from its treasury activities.

Interest rate risk

The Trust is exposed to interest rate risk on funds invested at both fixed and floating interest rates. The risk is managed by restricting investment to quality investment grade issues, pursuant to Christchurch City Council’s investment policy.

Credit Risk

Credit risk refers to the risk that a third party will default on its contractual obligations to the Trust, causing the Trust to incur a loss. Financial instruments which potentially subject the Trust to credit risk consist principally of cash and short term investments, and accounts receivable.

The Trust banks with Bank of New Zealand (BNZ), Kiwibank, and CBS Canterbury. The credit ratings for each of these organisations from Standard and Poor’s (Australia) Pty Ltd are:

Bank of New Zealand	AA– (2011: AA)
Kiwibank	AA– (2011: AA-)
CBS Canterbury	BBB– (2011: BBB-)

8. Post balance date events

There were no events known to the directors occurring subsequent to balance date that would have a significant impact on the financial statements for the year ended 30 June 2012.

9. Contingencies

The Rod Donald Banks Peninsula Trust had no contingent assets or liabilities as at 30 June 2012 (2011: none).

10. Related party transactions

There were no related party transactions during the year ending June 2012. However, the Christchurch City Council provides administrative and financial support to the Trust at no cost.

11. Legislative Requirements

The Local Government Act 2002 requires the Trust to submit half year accounts and a Statement of Intent to its Board and to its shareholder within specified timeframes. For the 2011/12 financial year the Trust did not meet the specified timeframes as set out in the legislation for the submission of documents to its shareholder.

Independent Auditor's Report**To the readers of
Rod Donald Banks Peninsula Trust Te Pataka o Raikaihautu's
financial statements and statement of objectives and performance
for the year ended 30 June 2012**

The Auditor-General is the auditor of Rod Donald Banks Peninsula Trust Te Pataka o Raikaihautu (the Trust). The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of objectives and performance of the Trust on her behalf.

We have audited:

- the financial statements of the Trust on pages 9 to 18, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income and the statement of changes in equity for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of objectives and performance of the Trust on page 12.

Opinion

In our opinion:

- the financial statements of the Trust on pages 9 to 18:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Trust's:
 - financial position as at 30 June 2012; and
 - financial performance for the year ended on that date; and
- the statement of objectives and performance of the Trust on page 12:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the Trust's objectives and performance achievements measured against the performance targets adopted for the year ended 30 June 2012.

Our audit was completed on 21 September 2012. This is the date at which our opinion is expressed.

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



Basis of opinion

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

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of objectives and performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

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

An audit also involves evaluating:

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

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of objectives and performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Trustees

The Trustees are responsible for preparing financial statements and a statement of objectives and performance that:

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



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

The Trustee's responsibilities arise from the Local Government Act 2002 and clause 16.2 of the Trust Deed.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of objectives and performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001, section 69 of the Local Government Act 2002 and clause 16.3 of the Trust Deed.

Independence

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

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

A handwritten signature in black ink, appearing to read 'Julian Tan', with a horizontal line underneath.

Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand