



MASTERTON TRUST LANDS TRUST VALUES

In undertaking the work of the Trust, we stay true to the intentions of Masterton's early settlers who secured land to assist future generations in educational, cultural and community activities.

LEGACY

Honouring the vision of Masterton's early settlers in securing land from which future generations could benefit.

PROFESSIONALISM

Using knowledge, skills and expertise to grow the Trust assets and maximise the returns.

EDUCATION

Working with the community to support learning opportunities that are open and accessible to all.

STEWARDSHIP

Responsible decision-making to maintain and grow the resources in our care.

ACCOUNTABILITY

To our owners, the people of Masterton, and our tenants.

ADVANCEMENT

Providing extraordinary educational and cultural opportunities for Masterton people.

In 1881 the Trust swapped Town Acres 50-52 on the corner of Queen and Russell Streets for Town Acre 89 on the corner of Dixon and Park Streets, now occupied by the Masterton court house. The swap was to provide land to the Crown for a larger primary school. Masterton Central School occupied Town Acres 50-52 until 1977 when they were reacquired by the Trust. Today the site is occupied by Trust tenants (see page 10a).

CONTENTS

THE YEAR IN REVIEW	1
CHAIRMAN'S REPORT	2
GRANT RECIPIENTS	4
SCHEDULE OF GRANTS	6
PROPERTY DEVELOPMENT	8
PROPERTY	10
GOVERNANCE	12
FINANCIAL STATEMENTS	14
AUDIT REPORT	20

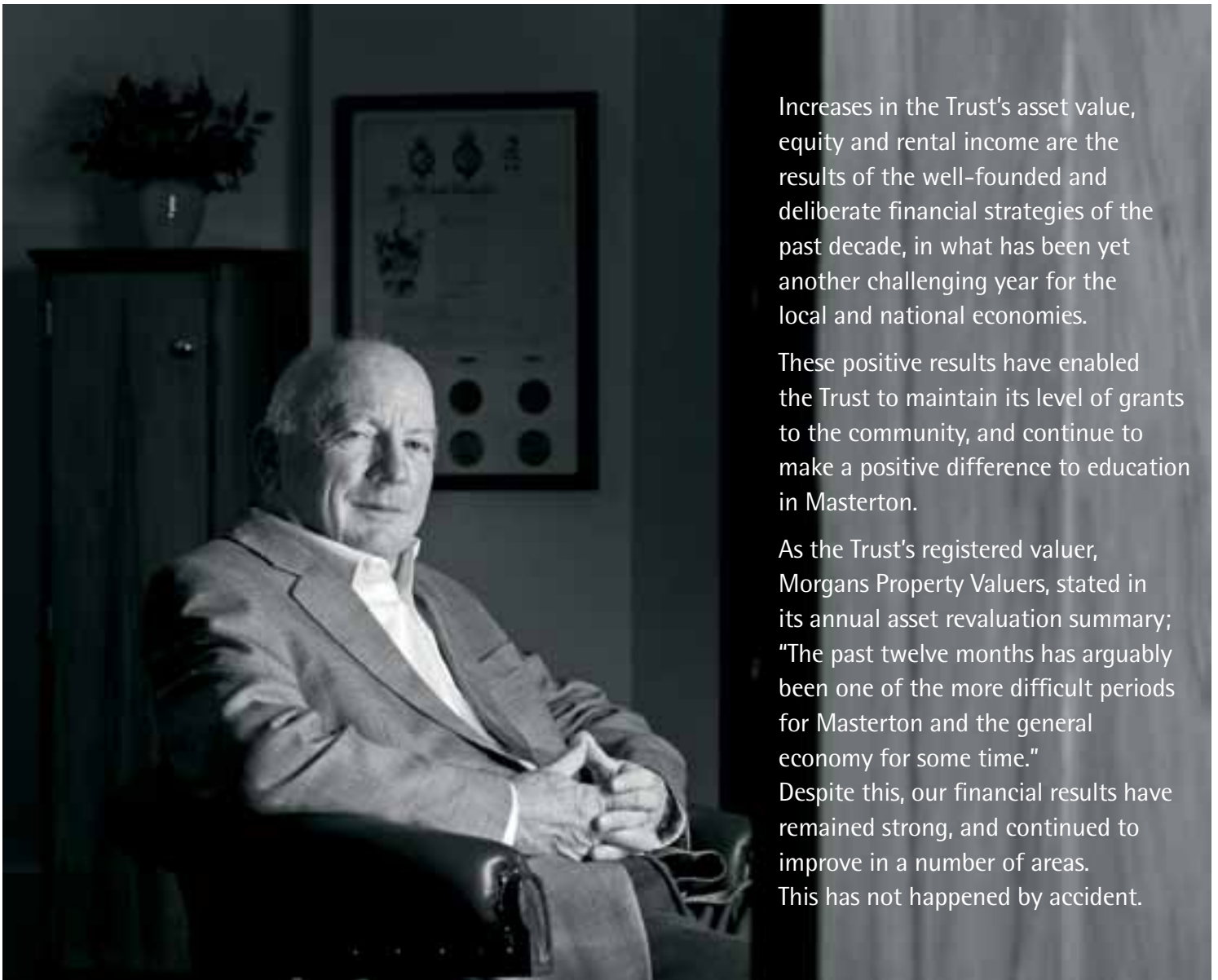
Cover - The original Trust lands can be seen in the blue blocks on the first map of Masterton, overlaid on a modern aerial photograph of the town.



THE YEAR IN REVIEW

OPERATING SURPLUS	\$1.6 million	Down 1.6%
RENTAL INCOME	\$3.7 million	Up 2.2%
EQUITY	\$40.4 million	Up 5.1%
TOTAL ASSETS	\$56.5 million	Up 5.9%
Debt as percentage of property assets	28.7%	Up 0.6%
WALT (Weighted Average Lease Term)	5.1 years	No change
TOTAL GRANTS	\$1.09 million	Down 5.9%*

* Due to timing of grant payments at financial year end and a special one-off grant for Wairarapa College Hall in 2010.



Increases in the Trust's asset value, equity and rental income are the results of the well-founded and deliberate financial strategies of the past decade, in what has been yet another challenging year for the local and national economies.

These positive results have enabled the Trust to maintain its level of grants to the community, and continue to make a positive difference to education in Masterton.

As the Trust's registered valuer, Morgans Property Valuers, stated in its annual asset revaluation summary; "The past twelve months has arguably been one of the more difficult periods for Masterton and the general economy for some time."

Despite this, our financial results have remained strong, and continued to improve in a number of areas. This has not happened by accident.

CHAIRMAN'S REPORT

Grants

Rental income from the Trust's property investments is the sole source of the funds that form more than \$1 million in annual grants to the Masterton community. Despite the recession, we achieved a surplus that enabled us to maintain our support, at near-record levels, for key education and community programmes.

Education remains the focus of our grants programme, with emphasis on benefitting all local students from early childhood through to tertiary level. Cornerstone programmes for professional development of teachers in the primary and secondary sectors were extended to include the early childhood sector.

The early childhood professional development initiative began during the year and the Trust has budgeted to provide almost \$140,000 over the next two years. While the Trust has funded this important age group previously, this commitment will take support for this sector to a whole new level.

This programme, ably co-ordinated by Wairarapa REAP, employs a collaborative approach to developing early childhood teachers with a range of learning opportunities that will support them in their work.

It will vastly improve the ability of all early childhood staff to access and share in quality professional development programmes and networking opportunities. Provided locally, the programme covers eight strands including leadership, self-review, specific topics, professional reading, networking and guest speakers. It will also build links between early childhood centres and schools to improve the transition of children into school.

Through its annual one-off scholarship scheme, the Trust contributed to the education of 301 tertiary students, including apprentices and students at polytechnics and universities throughout New Zealand.

Cash grants to community organisations increased by 7.6 percent, with a wide range of groups receiving support for general initiatives.

The repair, restoration and strengthening of Canterbury heritage buildings was assisted by the Trust with a special donation of \$12,500. Masterton found itself in a similar position after a 7.2 magnitude earthquake 68 years ago in 1942.

Financial

Financial results for the year were strong with increases in total asset value, equity and rental income, despite the continuing economic recession. Operating surplus was unchanged from the previous year.

The foundation for this growth lies in investments made previously in land and buildings for a wide variety of tenants, national and local, large and small. Our continued focus on developing successful relationships with all tenants has enabled us to maintain an effective return on the Trust assets through recessionary times.

A graphical illustration of this can be seen in more detail on pages 10-11 of this report.

Strong financial management has enabled the Trust to continue to meet all of its financial covenants, details of which can be found on page 19 of this report.

Property

New developments and the benefits of mature relationships with existing tenants were hallmarks of a busy year for the property portfolio.

Proactive management, continued maintenance of assets, and strategic planning for developments saw the property values increase. Evidence emerged of our diversification of the property portfolio to take advantage of strategic opportunities as they arise.

The high-profile 3,000 square-metre property on the corner of Chapel Street and Lincoln Road will be completely redeveloped over the next two years. Demolition of buildings on this site began after it was found that they posed an earthquake risk and could not be strengthened and remain economically viable. The new site's first two tenants were confirmed. Longstanding tenant Lamberts Cycles will move to vastly improved, purpose-built premises. The new key tenant for the development, national restaurant chain, Burger King, will mean increased financial returns for the Trust which will ultimately benefit the community through grants.

The Trust property at 57-71 Dixon Street underwent a \$1.2 million development to relocate McKenzie's Carpet Court, formerly located at the Chapel Street/Lincoln Road site. In stage two of the three-stage development, the Trust built a 1,000 square metre purpose-built bulk store, retail showroom and offices, adjacent to Beaurepaires, the beneficiary of the first stage. A third stage will add a 200 square-metre building for a future tenant.

These two developments are excellent examples of the Trust policy to work with existing tenants to expand and assist their businesses, while growing the community resources in its care.

Maintenance and modernisation, tailored to meet the needs of tenants, was carried out on numerous properties during the year. The Trust committed to several building upgrades that will be completed in the next financial year.

We were also pleased to continue the process of undertaking projects which keep local trades people employed, particularly during the on-going difficult economic climate.

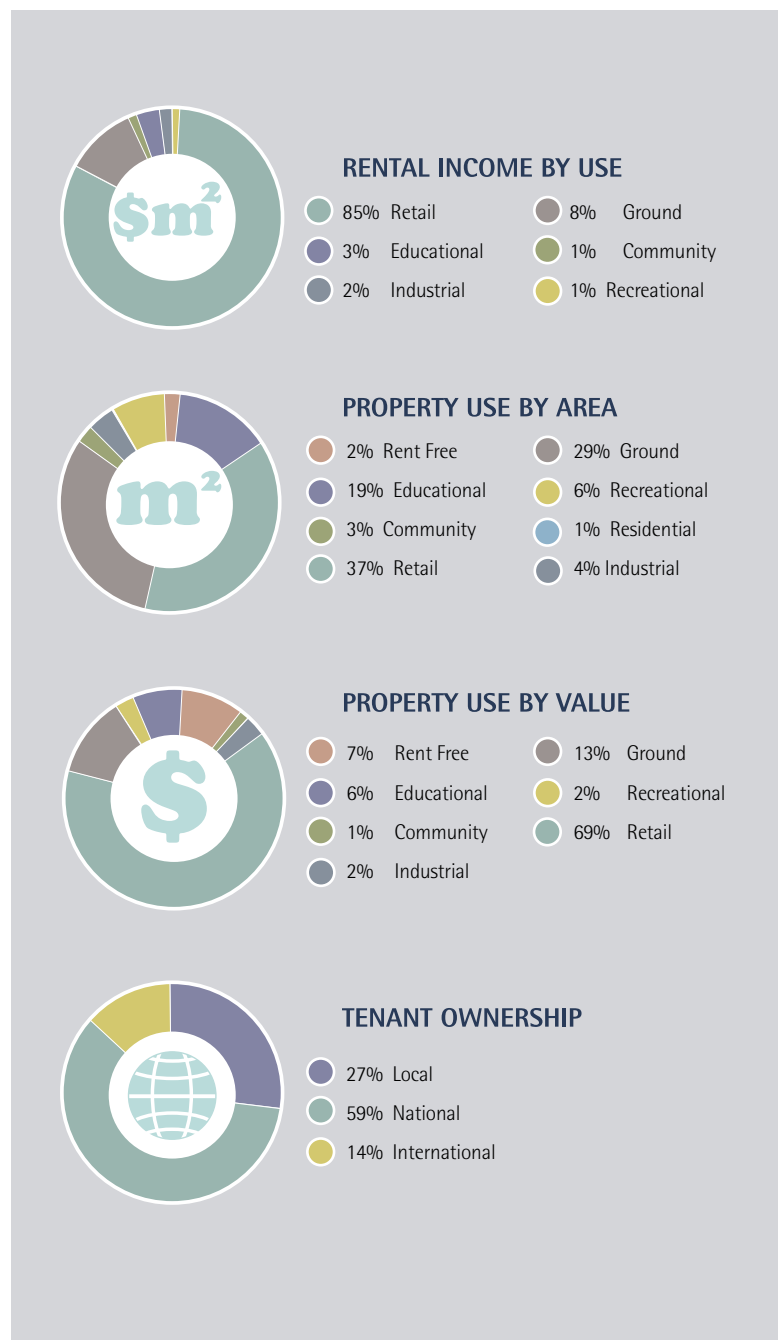
Non-commercial Trust land in Masterton's recreation precinct that was not able to be developed was gifted to the Masterton District Council. Valued at \$262,000 the land has been in Trust hands since 1871. It simply made sense for it to become attached to the council assets that occupy this land – the War Memorial Stadium and car park and Robinson Park.

Thanks

I would like to thank my fellow trustees and staff of the Trust for their commitment and hard work this year. Thanks also go to the people who support our work with professional services and the local contractors who consistently provide quality work on building improvements and developments.

We look forward to another year of growth and ultimately extraordinary educational benefits for our owners, the Masterton community.

J A Sadler
Chairman



Through its community grants round, the Trust contributed \$10,000 to the New Zealand Sport and Vintage Aviation Society for the staging of the biannual Wings Over Wairarapa event. Widely regarded as one of Australasia's largest and fastest growing airshows, Wings Over Wairarapa rivals any show for display content and reputation and is a significant event on the Australasian aviation events calendar.

GRANT RECIPIENTS

A total of \$1,091,577 was granted to the Masterton community in the form of cash and non-cash grants. Education remains the primary focus of the grants programme with a new commitment this year to an on-going, co-ordinated programme of professional development for teachers in the Early Childhood Sector.



The Vector Wellington Orchestra played in Masterton with support from the Trust.



▲ Students of UCOL Wairarapa's Certificate in Baking and Pastry enjoy working with new equipment valued at more than \$13,000 funded by the Trust as part of its support for tertiary study in Masterton. The grant allowed this new course to be established. The full-time 20-week course covers the basics of baking and pastry production; including how to make breads and dough, hot and cold desserts and pastry goods.

▼ The 2010 MTLT Business Challenge saw more than 40 local college students take part in the three-day business course. Working in mixed teams, students used key skills including product design, marketing, planning and finance to present their own business and product ideas to judges. 'Trackers 'R Us' took the overall award for their innovative product and business plan for the 'Anything Finder', a sheet of adhesive microchips that can be attached to everyday items and that emit a sound when activated by a remote device.



GRANTS CYCLE

EDUCATION – INSTITUTES

> Early Childhood

> Primary/Intermediate

> Secondary

Funding is allocated to all based on March roll returns to Ministry of Education.

Professional development programmes for teachers are the current focus of education grants to schools.

EDUCATION – INDIVIDUALS

Tertiary Scholarships

Awarded once only to students undertaking approved tertiary and post-secondary education and apprenticeships who currently or have previously resided in the Trust District.

Applications: 1 January-31 March

Considered: April

Awarded: May

Alan MacDiarmid Scholarship

Awarded annually to the Trust district's top chemistry student intending to study toward a science degree.

Awarded for three years on confirmation of results and re-enrolment.

Selected by agreement by the Masterton secondary school Principals.

COMMUNITY GRANTS

Qualifying community organisations within the Trust District.

Applications: 1 April-31 May

Considered: June

Advised: June for payment at the AGM in August

SCHEDULE OF GRANTS

EDUCATIONAL GRANTS 444,877

Early Childhood 23,006

Barnados.....	Roll based.....	600
Cole Street Early Learning Centre.....	Roll based.....	984
Ko Te Aroha.....	Roll based.....	1,008
Lansdowne Kindergarten.....	Roll based.....	1,488
Lansdowne Playcentre.....	Roll based.....	600
Makoura Early Childhood Centre.....	Roll based.....	1,248
Masterton Christian Childcare Centre.....	Roll based.....	1,056
Solway Kindergarten.....	Roll based.....	1,224
Te Kohanga Reo o Ngati Hamua.....	Roll based.....	1,008
Una Williams Kindergarten.....	Roll based.....	1,032
Wahi Reka Te Kohanga Reo.....	Roll based.....	864
West Kindergarten.....	Roll based.....	1,152
West Playcentre.....	Roll based.....	600
York Street Kindergarten.....	Roll based.....	1,296
UCOL Wairarapa Childcare.....	Roll based.....	696
Rimutuka Kindergarten Association.....	Professional Development.....	8,150

Primary/Intermediate Schools 126,324

Douglas Park School.....	Roll based.....	3,852
Fernridge School.....	Roll based.....	2,292
Lakeview School.....	Roll based.....	5,160
Masterton Intermediate School.....	Roll based.....	4,320
Masterton Primary School.....	Roll based.....	2,508
Solway Primary School.....	Roll based.....	2,256
St Patricks School.....	Roll based.....	2,940
Te Kura Kaupapa Maori.....	Roll based.....	576
Hadlow School.....	Roll based.....	2,232
Granny's Basket Reading Programme.....		10,000
Primary Swimming Sports.....	Pool Hire.....	1,655
Technology Roadshow.....		4,530
Wairarapa Mathematics Association.....	Masterton schools Matharama prizes.....	500
Primary Principals Initiative.....	Professional Development.....	78,741
Principals Fund.....	Principals Fund.....	4,762

Secondary Schools..... 94,375

Chanel College.....	Roll based.....	4,620
Makoura College.....	Roll based.....	3,204
Solway College.....	Roll based.....	1,692
Te Kura Kaupapa Maori.....	Roll based.....	132
Wairarapa College.....	Roll based.....	13,452
Rathkeale College.....	Roll based.....	3,180
St Matthews Collegiate.....	Roll based.....	4,068
Teen Parent Unit.....	Roll based.....	228
Youth Choices Trust.....	Roll based.....	156
Teen Parent Unit - Garage.....	Special Grant.....	4,000
Intercollegiate Swimming Sports.....	Pool Hire.....	760
Intercollegiate Wearable Arts.....	Student prize pool.....	1,500
Wairarapa Business Enterprise Challenge.....	2010 Challenge.....	5,000
Secondary Principals Initiative.....	Professional Development.....	52,383

Tertiary 201,172

Special Grants.....		15,500
Alan MacDiarmid Scholarships.....	2 Students.....	2,000
Tertiary Scholarships.....	301 Students.....	152,500
UCOL @ Wai.....	Massage Tables.....	2,701
UCOL @ Wai.....	Hairdressing/Beauty Equipment.....	4,183
UCOL @ Wai.....	Baking Course Equipment.....	13,296
UCOL @ Wai.....	Laptops.....	6,000
UCOL @ Wai.....	Discretionary Assistance Fund.....	4,992

COMMUNITY GRANTS 315,533

NZ Sport & Vintage Aviation Society.....	Wings Over Wairarapa 2011 Air Show.....	10,000
Access Radio Wairarapa.....	Recording/receiving equipment.....	2,000
Alzheimers Wairarapa Inc.....	Educational programmes/workshops.....	2,000
Destination Wairarapa.....	Annual membership.....	5,000
Community Budgeting Trust.....	Rent.....	2,000
Enviroschools.....	Supporting Enviroschool programme.....	3,000
Grant Redvers.....	Publication of book 'Tara Arctic'.....	1,000
Hospice Wairarapa Community Trust.....	Biographer training/equipment.....	3,000
Jubilee Fire Museum.....	Education material for museum.....	1,000
King Street Artworks.....	Workshop funds.....	3,000
Lifeline Wairarapa Inc.....	Phone expenses/rent/supervision.....	1,500
Masterton Community Toy Library.....	Purchase toys.....	1,500
Masterton Foodbank Inc.....	Phone costs/Recipe book.....	1,000
Masterton Playgroup.....	Bookshelf/Safe play area.....	500
Millennium Native Forest Reserve.....	Ongoing development.....	2,000
MTA Wellington Branch.....	Apprenticeship awards.....	1,333
Parish of the Epiphany.....	Centennial history publication.....	1,000
MTLT Education Centre.....	Projector installation.....	3,700
Pukaha Mount Bruce.....	Environmental/conservation programmes.....	2,500
Riversdale Surf Lifesaving Club.....	Nipper programme.....	1,500
Shear History Trust.....	Develop education program.....	2,000
SPELD.....	50% Subsidy on assessment/tuition.....	1,500
Sport Wellington-Wairarapa.....	Active Wairarapa Youth.....	15,000
Street Youth Ministries.....	Rent/vehicle costs/holiday programme.....	2,000
Sustainable Wairarapa.....	2010 Reel Earth Environmental film festival.....	500
Vector Wellington Orchestra.....	Concert/Violinist Feng Ning.....	10,000
Wai Art Trust.....	Wai Art Awards @ Aratoi.....	1,000
Wairarapa Community Centre Inc.....	Building deposit/Underwriting.....	50,000
Wairarapa Fern & Thistle.....	Send 5 Junior members to summer school.....	2,000
Wairarapa Kaumatua Council.....	Families at risk.....	1,000
Wairarapa Archival Society.....	Wairarapa Moana publication.....	5,000
Wairarapa Parents Centre.....	Course running costs.....	1,000
Wairarapa Search & Rescue.....	Awareness week/volunteer training.....	1,000
Wairarapa SHB Life Education Trust.....	Running costs.....	4,000
Wairarapa Stars Trust.....	Transition work experience/life skills.....	1,000
Wairarapa Womens Centre.....	Educational programmes.....	1,000
Workforce Development Trust.....	Ongoing support.....	25,000
Yarns in Barns.....	2010 Festival.....	1,000

Civic..... 71,000

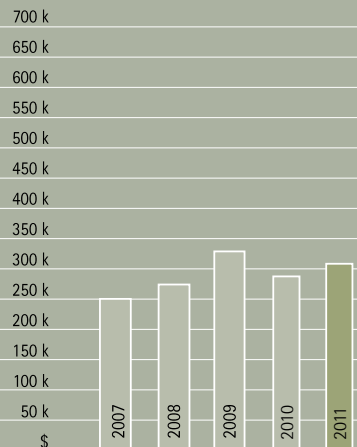
Masterton District Council.....	Purchase library books.....	16,000
Masterton District Council.....	Supplement council grants for civic events.....	25,000
Masterton District Council.....	Masterton Recreation Centre.....	30,000
Aratoi.....		72,000
Aratoi.....	Rutherford Exhibition.....	20,000
Aratoi.....	Opex balance.....	52,000

NON-CASH GRANTS 331,167

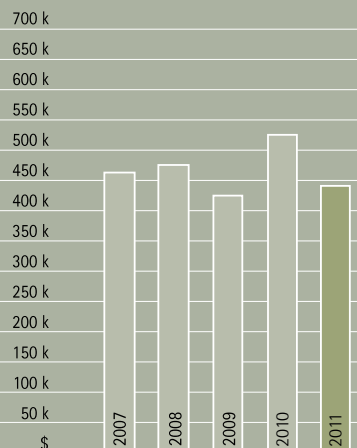
Guides NZ.....	Concessional rent.....	1,200
Harlequin Theatre.....	Concessional rent.....	12,500
Masterton Young Citizens Club.....	Concessional rent.....	11,050
Rangitane o Wairarapa.....	Concessional rent.....	12,500
Sport Wairarapa.....	Concessional rent.....	5,000
Wairarapa Cultural Trust less Café.....	Concessional rent.....	163,600
Education Centre.....	Concessional rent.....	12,600
Hiona Club.....	Concessional rent.....	36,680
Community Centre.....	Concessional rent.....	16,537
MIS Open Learning Centre.....	Concessional rent.....	40,600
MDC Stadium/Robertson Park.....	Concessional rent.....	18,900

TOTAL GRANTS..... 1,091,577

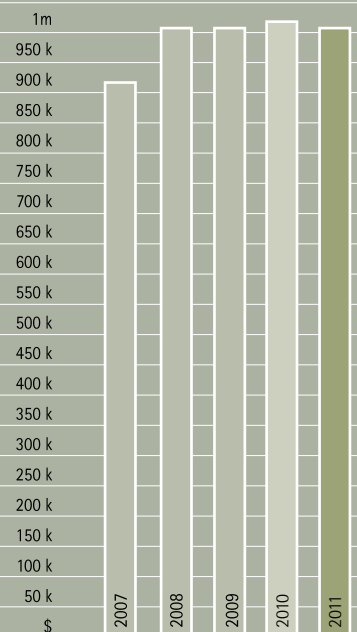
COMMUNITY GRANTS



EDUCATIONAL GRANTS



TOTAL GRANTS



PROPERTY DEVELOPMENT



In a continuation of Trust policy to work with existing tenants to expand and assist their businesses, while growing the community resources its care, the Trust completed Stage 2 of major redevelopment of one of its foundation sites.

The almost-3,000m² property at 57-71 Dixon Street began its transformation in 2007 with the completion of a new 440m² building for long-standing tenant, Beaufepaires.



PROPERTY STATS

Address: 57-71 Dixon Street, Masterton
Area: 2,973m²
Valuation: \$2.38 million
Tenants: Carpet Court & Beaufort
Leases: Ground and buildings



This year the Trust invested \$1.2 million in a new 1,000m² purpose-built bulk store, retail showroom and offices for another existing tenant, McKenzies Carpet Court formerly located at 16 Lincoln Road.

A third stage will add a 200m² building for a future tenant.

This Dixon Street land, bordered by Church and Bannister Streets is part of the original legacy of Trust land left by Masterton's early settlers.



"My staff and I are elated with our new premises. We needed a property with sizable storage and workroom facilities along with an appealing showroom in a high-profile, accessible location. The Trust provided the ideal site and building design which met all our requirements.

Staff now have a winter-warm building with modern facilities which are a significant improvement on the former working conditions. The new environment has allowed for improved curtain and flooring displays providing our customers with substantially greater product choice."

*Michael O'Hara,
McKenzie's Carpet Court General Manager*

PROPERTY

The Warehouse
372 Queen Street
Valuation: \$8,400,000
Land area: 13,322m²



Gull Petroleum
199 Chapel Street
Valuation: \$1,275,000
Land area: 1,904m²



Foodstuffs (Pak 'n Save)
428 Queen Street
Valuation: \$7,000,000
Land area: 12,618m²



PROPERTY INVESTMENTS RETURN WELL

The strategy adopted by the Trust a decade ago to invest in new developments for large national tenants has enabled it to maintain an effective return through recent recessionary times.

This diversification and growth of the property portfolio has resulted in a wide mix of tenants today, local and national, large and small.

A significant part of this portfolio is situated within a 700 metre strip at the south end of Masterton's central business district. Valued at \$25.4 million the land and buildings in this area house mostly larger national tenants and make up more than 43% of the total value of Trust property. These tenants offer medium to long-term lease certainty and subsequent returns.

In 2003 the Trust built a 6,000m² building for The Warehouse which remains a key tenant today, leasing the land and building. In the same year a new building was constructed for MasterTrade which also continues to occupy a full lease on the site.

In 2006 the Trust secured strategic land in Kuripuni which, combined with existing adjoining land, was to become the Pak 'n Save site. Developments in the area for tenants Hireworld and Gull Petroleum have also occurred over the past decade.

The Masterton community, through the Trust, owns these properties and benefits through grants from rental income returned year after year.

Queen Street / Chapel Street South Block

	Full Lease (ground & buildings)	Ground Lease only*
Square metres	27,469	23,249
2011 Valuation	\$15,940,000	\$9,495,000
Total Rental Income	\$1,462,772	\$554,586
Rate of Return	9.18%	5.84%

*Ground leases have lower rentals and returns because they involve no building costs. Rent reviews for ground-only leases (typically 7yrs) are less frequent than those for full leases.





Alan Sadler
Chairman
Elected 1989



John Bunny
Deputy Chairman
Audit & Risk Committee Chair
Elected 2007



Christine Brewster
Grants Committee Chair
Elected 2004



Heaton Haglund
Property/Finance
Committee Chair
Elected 1998



Garry Daniell
Elected 1988



Chris Peterson
Elected 1998



Karl Taucher
Elected 2001



Leanne Southey
Elected 2010



Gary Percy
Secretary/Manager

TRUSTEES

GOVERNANCE

The Board of Trustees consists of eight members elected by voters living within the Masterton Small Farms Settlement boundaries. Four trustees retire at the each triennial local body election. In October 2010 Christine Brewster, Heaton Haglund and Chris Peterson were re-elected and Masterton chartered accountant Leanne Southey was elected to the Board. Joy Tutty retired after serving one six-year term.

The Wairarapa Town Lands Management Act 1870 vested in Trustees certain land in the townships of Masterton and Greytown. Subsequently, the responsibility for the Masterton land was devolved to the Masterton Trust Lands Trust. The Trust currently operates under the Masterton Trust Lands Trust Act 2003.

Role of the Board of Trustees

The Board of Trustees is committed to maintaining the highest standards of business behaviour and accountability. Accordingly the Trustees have adopted a number of policies and procedures designed to promote responsible conduct of the Trust affairs.

The Trustees' specific responsibilities include:

- > Acting in a prudent manner in accordance with the Trust Act
- > Providing stewardship of the Trust assets
- > Establishing policies and strategic direction
- > Monitoring management and financial performance
- > Establishing delegated authority limits for capital expenditure and treasury.

The Board meets formally 11 times a year. In addition, it meets whenever necessary to deal with specific matters needing attention between scheduled meetings. The Property/Finance, Grants and Audit committees meet as required.

A code of conduct assists Trustees in the performance of their duties. The New Zealand Remuneration Authority determines Trustee remuneration.

Other Trusteeships

During the year the Masterton Trust Lands Trust became the sole trustee for the Masterton Community Centre Trust which owns the Masterton YMCA complex. The MTLT was one of the original parties to the Community Centre Trust deed. Its new governance role ensures that this community-owned centre is overseen by elected community representatives in the future.

In accordance with section 12 of the Masterton Trust Lands Act 2003, Trustees also hold in trust scholarship funds on behalf of the Wairarapa Tertiary Education Trust and the Golden C'Art Trust. These are administered in accordance with an investment policy with scholarships paid annually.

Recipients for the year ended 31 March 2011:

GOLDEN C'ART TRUST:

Charities Commission registration no. CC36481

Scholarship:

Timothy Wagg, Rathkeale College (2010)

Alex Penfold, Rathkeale College (2011)

WAIRARAPA TERTIARY EDUCATION TRUST

Charities Commission registration no. CC30095

Joan Stone Scholarship:

Cheryl Brewer (2010)

Tammy Wilson (2011)

Fletcher Challenge Scholarship:

Sara Hurley (2010)

Jody Marshall (2011)



HISTORY PRESERVED

Professional archivist, Pauline Porteous, was employed part-time during the year to catalogue the Trust's numerous photographs and historical records. Working closely with the Wairarapa Archive, Pauline sorted boxfuls of material which are now stored both physically and electronically in a form compatible with best-practice archive systems, including that of the Wairarapa Archive.

Repairs to Trust buildings in Queen Street after the 1934 earthquake. At right is the Trust property on the corner of Church and Queen Streets.

Statement of Financial Performance

For the year ended 31 March 2011

Notes	2011	2010
	\$	\$
Revenue		
Rental Income	3,663,050	3,585,884
Other Income	<u>3,724</u>	<u>1,384</u>
Total Operating Revenue	3,666,774	3,587,268
Operating Expenditure		
Property Expenses	367,719	440,019
Administration Expenses	456,009	282,431
Depreciation	<u>6,877</u>	<u>7,927</u>
Total Operating Expenditure before Interest	<u>830,605</u>	<u>730,377</u>
OPERATING SURPLUS BEFORE INTEREST	2,836,169	2,856,891
Interest Received	9,753	129
Interest Payable	<u>1,253,227</u>	<u>1,238,294</u>
	<u>1,243,474</u>	<u>1,238,165</u>
OPERATING SURPLUS	1,592,695	1,618,726
Increase/(Decrease) in Revaluation of Investment Properties	1,180,325	(1,059,843)
Less Grants	<u>(802,661)</u>	<u>(868,520)</u>
NET SURPLUS TO EQUITY	<u>1,970,359</u>	<u>(309,637)</u>

Statement of Movements in Equity

For the year ended 31 March 2011

	2011	2010
	\$	\$
Equity		
Equity at the Start of the Period	38,443,845	38,762,682
Net Surplus for the Period	1,970,359	(309,637)
Increase in Revaluation Reserve	5,650	(9,200)
Total Recognised Revenues Et Expenses for period	1,976,009	(318,837)
Equity at the end of the Period	<u>40,419,854</u>	<u>38,443,845</u>
Equity comprises:		
Revaluation Reserve Trust Building		
Increase in Valuation	83,323	77,673
Retained earnings		
Opening Balance	38,366,172	38,675,809
+ Net Surplus	<u>1,970,359</u>	<u>(309,637)</u>
Closing balance	40,336,531	38,366,172
Equity at the end of the Period	<u>40,419,854</u>	<u>38,443,845</u>

The accompanying notes and accounting policies form part of these financial statements.

Statement of Financial Position

as at 31 March 2011

	Notes	2011		2010
		\$	\$	\$
Current Assets				
Short Term Investment	5	2,579		-
Accounts Receivable		12,891		12,881
Prepayments		60,060		106,590
GST		<u>114,891</u>		-
			190,421	119,471
Non Current Assets				
Investment Land & Buildings	3	56,511,653		53,334,000
Fixed Assets	2	<u>741,580</u>		<u>740,248</u>
			57,253,233	54,074,248
TOTAL ASSETS			<u>57,443,654</u>	<u>54,193,719</u>
Current Liabilities				
Bank Accounts	5	181,923		209,964
Accounts Payable		743,978		128,561
Interest Accrued		60,854		53,102
Rent in Advance		990		1,610
GST		-		31,065
Entitlements		92,964		14,324
Current Portion of Term Liabilities	6	<u>5,000,000</u>		<u>4,943,091</u>
			6,080,709	5,381,717
Non Current Liabilities				
Wairarapa Building Society	-			368,157
ANZ		<u>15,943,091</u>		<u>14,943,091</u>
	6	15,943,091		15,311,248
Less Current Portion of Term Liabilities	6	<u>5,000,000</u>		<u>4,943,091</u>
			10,943,091	10,368,157
TOTAL LIABILITIES			17,023,800	15,749,874
NET ASSETS			<u>40,419,854</u>	<u>38,443,845</u>
EQUITY			<u>40,419,854</u>	<u>38,443,845</u>

Chairman

Deputy Chairman




The accompanying notes and accounting policies form part of these financial statements.

Statement of Cash Flows

for the year ended 31 March 2011

	Note	2011	2010
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash inflows from:			
Rental income		3,666,145	3,582,128
Interest received		9,753	129
GST (net)		<u>(145,955)</u>	<u>40,183</u>
		3,529,943	3,622,440
Cash outflows for:			
Payments to suppliers and employees		754,909	800,792
Interest paid		<u>1,245,475</u>	<u>1,241,934</u>
		<u>2,000,384</u>	<u>2,042,726</u>
Net Cash Inflow/(Outflow) from Operating Activities	1	1,529,559	1,579,714
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was disbursed on:			
Prepayments		(46,529)	51,861
Payments for Investment Buildings		1,381,160	900,861
Payments for Fixed Assets		<u>2,559</u>	<u>-</u>
		<u>1,337,190</u>	<u>952,722</u>
Net Cash Inflow/(Outflow) from Investing Activities		(1,337,190)	(952,722)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Borrowed this year		<u>1,000,000</u>	<u>521,982</u>
		1,000,000	521,982
Cash was disbursed on:			
Distributions		793,592	919,190
Loan Repayments this year		<u>368,157</u>	<u>355,072</u>
		<u>1,161,749</u>	<u>1,274,262</u>
Net Cash Inflow/(Outflow) from Financing Activities		<u>(161,749)</u>	<u>(752,280)</u>
Movement in Cash		30,620	(125,288)
Opening Cash Balance		<u>(209,964)</u>	<u>(84,676)</u>
Closing Cash Balance		<u>(179,344)</u>	<u>(209,964)</u>
made up as follows			
ANZ Bank		(181,923)	(209,964)
ANZ Bank 20 Account		2,579	-
		<u>(179,344)</u>	<u>(209,964)</u>

Statement of Accounting Policies for the year ended 31 March 2011

1 STATUTORY BASIS

The Masterton Trust Lands Trust is established and operated pursuant to the Masterton Trust Lands Act 2003. Schedule 2, Clause 12 (1) of the Masterton Trust Lands Act 2003 requires the Trust to prepare annual financial statements in accordance with generally accepted accounting practice.

2 REPORTING ENTITY

The reporting entity is that entity known as Masterton Trust Lands Trust, and is governed by the Board of Trustees and includes all activities carried out under the control of the Board.

3 MEASUREMENT BASE

Unless otherwise specified, the measurement base adopted is that of historic cost.

4 ACCOUNTING POLICIES

The following accounting policies have been employed in the preparation of the financial statements.

Cash and Deposits

Cash is regarded as those sums held on current account or in notes and coins for use in the day-to-day management of the Trust.

Accounts Receivable

Accounts receivable are stated at estimated realisable value.

Goods and Services Tax

The Financial Statements have been prepared on a GST exclusive basis except for receivables and payables.

Fixed Assets

The Trust has two classes of fixed assets: Trust office building and land
Office furniture and equipment

Office equipment and office furniture are recorded at cost less accumulated depreciation.

The Trust office building was valued, as at 31 March 2011 by Morgans Property Advisors, Registered Valuers, at fair value. The building is valued annually in accordance with FRS-3.

The results of revaluing the Trust Office are credited or debited to an asset revaluation reserve. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of financial performance. Any subsequent gains on valuation will be credited to the statement of financial performance until any previous revaluation losses are reversed.

Depreciation

Depreciation is provided on a straight line basis on all tangible fixed assets, other than the freehold land, at rates calculated to allocate the assets' cost over their estimated useful lives.

Depreciation periods are:	Trust Office	100 years	(1%)
	Office furniture and equipment	3 – 10 years	(10% – 33%)
	Office computer software	2 years	(50%)

Investment Properties

Investment properties have been valued in 2011 at net current value in accordance with SSAP-17.

Revaluation gains or losses have been included in the Statement of Financial Performance.

The Statement of Financial Performance does not include a charge for depreciation on investment properties.

Properties are valued annually. These were valued at 31 March 2011 by Morgans Property Advisors, Registered Valuers, at net current value. Net current value is the open market value less the cost of disposal that could reasonably be anticipated.

General

Accounts Payable are recognised when the goods and services to which they relate are received.

Liabilities are carried at the amount of cash which is required to settle those liabilities.

Differential Reporting

The Trust, by virtue of its size for both total revenue and number of employees, qualifies under Framework of Differential Reporting. Accordingly it has taken partial advantage of the differential reporting exemptions allowed under the Framework and has taken differential reporting exemptions as allowed for FRS9: Information To Be Disclosed In Financial Statements, FRS-31: Disclosure of Information About Financial Instruments and SSAP-22: Related Party Disclosures.

New Zealand International Financial Reporting Standards (NZ IFRS)

The Board has taken the option available under the ARSB's Release 9 to delay the adoption of NZ IFRS. These accounts have been prepared in accordance with GAAP in operation before NZ IFRS was adopted.

Taxation Policy

Masterton Trust Lands Trust is exempt from the payment of income tax as it is treated by IRD as a charitable organisation, Charities Commission registration no. CC30205. Accordingly, no charge for income tax has been provided for.

5 CHANGES IN ACCOUNTING POLICIES

There has been no change in the above accounting policies, which have been applied on the basis consistent with those used last year.

Note Disclosures 2011

1 RECONCILIATION OF REPORTED SURPLUS (LOSS) TO NET CASHFLOW FROM OPERATING ACTIVITIES

	2011	2010
Reported Net Surplus/(Deficit) to Equity	1,970,359	(309,637)
Add non-cash items:		
Depreciation	6,877	7,927
Other Non-cash Items		
Increase/Decrease in Asset Revaluation Investment Properties	(1,180,325)	1,059,843
Increase/Decrease movements in other working capital items:		
Increase/Decrease in Payables	(9,820)	(76,125)
Decrease/Increase in Receivables	(10)	(3,353)
Increase in Accruals	85,772	(7,644)
Increase/ Decrease in GST	(145,955)	40,183
Items classified as investing activities:		
Gain on Disposal of Properties	-	-
Items classified as financing activities:		
Grants Distributed	802,661	868,520
Net Cash Inflow/(Outflow) from Operating Activities	<u>1,529,559</u>	<u>1,579,714</u>

2 FIXED ASSETS AND DEPRECIATION

Cost or valuation	Furniture and Office Equipment	Trust Office Land	Trust Office Improvements	Total
Balance 1 April 2010	111,542	170,000	565,000	846,542
Additions	2,559	-	-	2,559
Revaluation increase (decrease)	-	5,000	(5,000)	-
Cost or valuation at 31 March 2011	<u>114,101</u>	<u>175,000</u>	<u>560,000</u>	<u>849,101</u>
Balance 1 April 2009	111,542	170,000	580,000	861,542
Additions	-	-	-	-
Revaluation increase/(decrease)	-	-	(15,000)	(15,000)
Cost or valuation at 31 March 2010	<u>111,542</u>	<u>170,000</u>	<u>565,000</u>	<u>846,542</u>
Accumulated depreciation				
Balance 1 April 2010	106,294	-	-	106,294
Depreciation expense	1,227	-	5,650	6,877
Adjustment of revaluation	-	-	(5,650)	(5,650)
Accumulated depreciation at 31 March 2011	<u>107,521</u>	<u>-</u>	<u>-</u>	<u>107,521</u>
Balance 1 April 2009	104,166	-	-	104,166
Depreciation expense	2,127	-	5,800	7,927
Adjustment of revaluation	-	-	(5,800)	(5,800)
Accumulated depreciation at 31 March 2010	<u>106,293</u>	<u>-</u>	<u>-</u>	<u>106,293</u>
Net Book Value at 31 March 2011	<u>6,580</u>	<u>175,000</u>	<u>560,000</u>	<u>741,580</u>
Net Book Value at 31 March 2010	5,249	170,000	565,000	740,249

3 INVESTMENT LAND AND BUILDINGS

	2011	2010
Opening value of investment Land and Buildings	53,334,000	53,757,317
Plus additions to Portfolio	761,675	636,526
Plus Work in Progress	1,235,653	-
Plus increase/(decrease) in Revaluation	<u>1,180,325</u>	<u>(1,059,843)</u>
Closing Balance	<u>56,511,653</u>	<u>53,334,000</u>

4 CASH GRANTS

	2011	2010
Community Grants	357,783	340,407
Education Grants	<u>444,878</u>	<u>528,113</u>
Total Cash Grants	<u>802,661</u>	<u>868,520</u>

Note Disclosures continued

5 BANK ACCOUNTS	2011	2010
ANZ Current Account	(181,923)	(209,964)
ANZ 20 Account	<u>2,579</u>	<u>-</u>
	<u>(179,344)</u>	<u>(209,965)</u>
6 BANK LOANS	2011	2010
The loans are repayable as follows:		
Within 1 year	5,000,000	4,943,091
1 - 2 years	6,000,000	5,000,000
2 - 5 years	<u>4,943,091</u>	<u>5,368,157</u>
	<u>15,943,091</u>	<u>15,311,248</u>
<p>All term borrowings are bank loans and interest rates for these borrowings are based on the bank bill rate plus a margin. The Trust utilises loan and credit facilities that are reviewed annually and for this reason all borrowings under these facilities are reported as term borrowings.</p> <p>All bank borrowings are secured by way of first mortgage over all properties held by the Trust. The facility is subject to various covenants such as limitations on long-term indebtedness, leverage and other ratios. The Trust complied with all covenants for the 2011 financial year.</p> <p>The weighted cost of funding on term borrowings is 7.67% (2010: 8.04%).</p>		
7 POLICIES IN ACCORDANCE WITH MTLT ACT 2003, CL 17	2011	2010
Policy requires the Trustees to maintain a ratio of Debt to Debt plus Equity of no more than 40%.	28.3%	28.5%
The Trustees will maintain an interest cover of no less than two. The interest cover calculation is to exclude grants and upward property revaluation.	2.28	2.31
8 COMMITMENTS		
The Trust has capital commitments of \$802,757 as at 31 March 2011 (2010: \$392,500)		
9 CONTINGENT LIABILITIES		
The Trust has no contingent liabilities as at 31 March 2011 (2010: Nil)		
10 EXPENDITURE INCLUDES THE FOLLOWING	2011	2010
Audit fees	16,206	19,696
Trustees fees	58,750	57,491
Bad Debts	18,836	1,303
11 RELATED PARTIES		
<p>During the year the Trust provided funds via the Masterton District Council for community purposes. Two Trustees, G Daniell and C Peterson are members of the Masterton District Council.</p> <p>The Trust received rent from "Magie B's" in which Mrs Brewster is a shareholder.</p> <p>A community grant was given to REAP which was represented by Trustee A Sadler.</p> <p>Under the Trust's Code of Conduct and having declared an interest, these Trustees did not participate in the decision.</p>		
12 TOTAL REVENUES	2011	2010
Operating	3,676,527	3,587,397
Increase/(Decrease) in Asset Revaluation Investment Properties	<u>1,180,325</u>	<u>(1,059,843)</u>
	<u>4,856,852</u>	<u>2,527,554</u>

AUDIT REPORT

To the readers of Masterton Trust Lands Trust's financial statements for the year ended 31 March 2011

The Auditor-General is the auditor of the Masterton Trust Lands Trust (the Trust). The Auditor-General has appointed me, John O'Connell, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust on her behalf for the year ended 31 March 2011.

Unqualified Opinion

In our opinion, the financial statements of the Trust on pages 14 to 19:

- > comply with generally accepted accounting practice in New Zealand, and
- > fairly reflect:
 - > the Trust's financial position as at 31 March 2011; and
 - > the results of its operations and cash flows for the year ended on that date.

The audit was completed on 27 June 2011, and 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 the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

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

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- > determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- > verifying samples of transactions and account balances;
- > performing analyses to identify anomalies in the reported data;
- > reviewing significant estimates and judgements made by the Trustees;
- > confirming year-end balances;
- > determining whether accounting policies are appropriate and consistently applied; and
- > determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Trustees and the Auditor

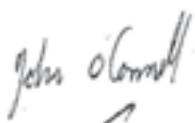
The Trustees are responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Trust as at 31 March 2011 and the results of its operations and cash flows for the year ended on that date. The Trustees' responsibilities arise from schedule 2, clause 12(1) of the Masterton Trust Lands Act 2003.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 32 of the Masterton Trust Lands Act 2003.

Independence

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

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



John O'Connell
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand





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