

LANDS TRUST MASTERTON 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.

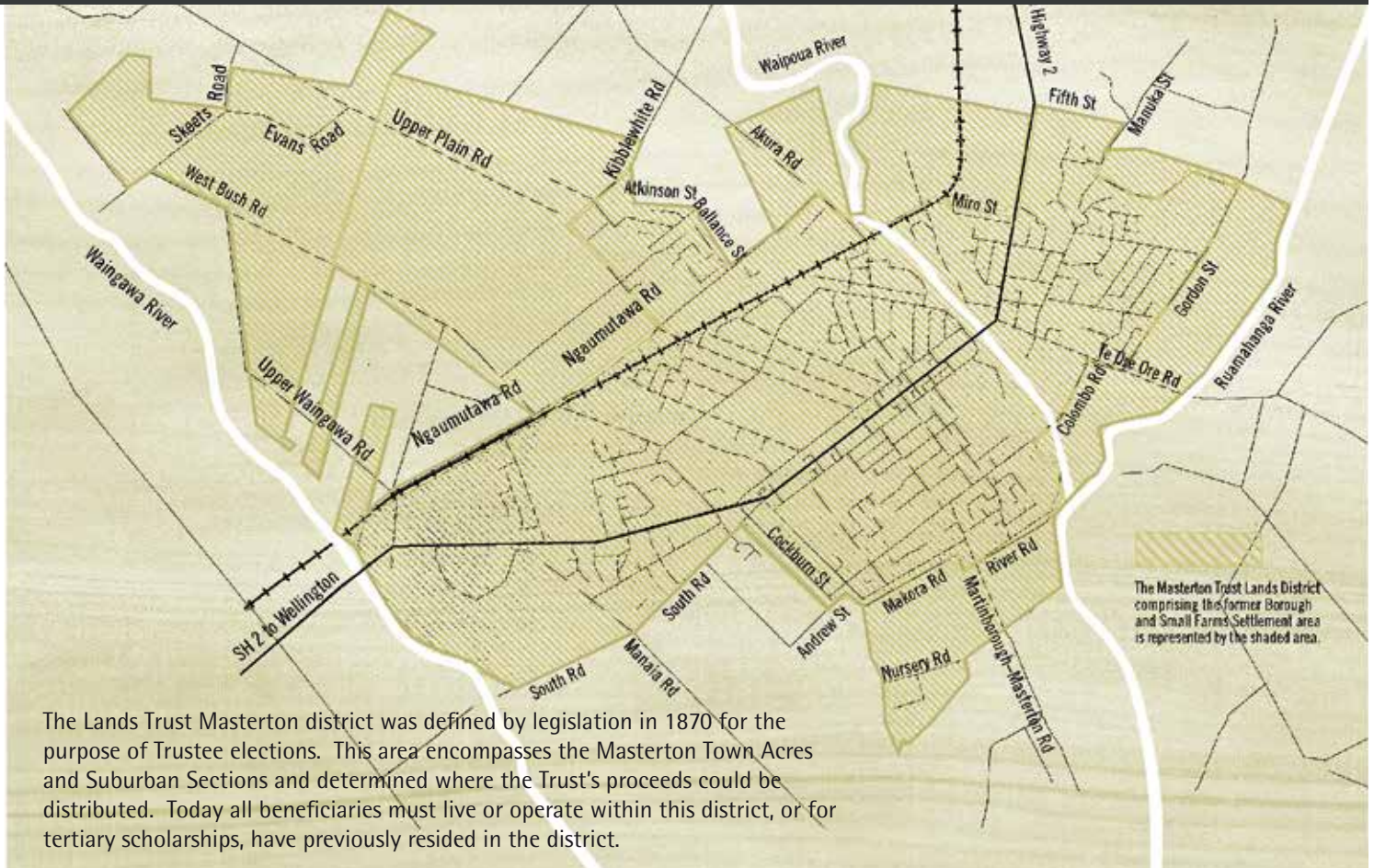
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Cover:

The original Trust lands can be seen in the teal/green blocks on the first map of Masterton, overlaid on a modern aerial photograph of the town.

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The Lands Trust Masterton district was defined by legislation in 1870 for the purpose of Trustee elections. This area encompasses the Masterton Town Acres and Suburban Sections and determined where the Trust's proceeds could be distributed. Today all beneficiaries must live or operate within this district, or for tertiary scholarships, have previously resided in the district.



A grant from Lands Trust Masterton allowed the public free access to the Genesis Recreation Centre indoor and outdoor pools and hydro slides for a week at the end of the summer holidays. The grant was a new way for the Trust to benefit all Masterton people to take full advantage of the pools during the warm summer weather.

THE YEAR IN REVIEW

OPERATING SURPLUS	\$1.5 million	Down 1.5%
RENTAL INCOME	\$4.0 million	Up 2.5%
EQUITY	\$39.1 million	Up 1.1%
TOTAL ASSETS	\$62.7 million	Up 6.5%
DEBT RATIO	36.2%	32.8% (2012)
WALT (Weighted Average Lease Term)	4.8 years	5.5 years (2012)
TOTAL GRANTS	\$1.02 million	Up 0.9%

Thanks to tenants and grant recipients for assisting with photographs for this report.

CHAIRMAN'S REPORT

This year has seen continued investment in the development of Masterton's community and the property assets it owns through the Trust. This has been made possible by consistently strong financial results.

The leadership role played by Lands Trust Masterton has been evident in its progressive investment in property, new grants initiatives that benefit the whole community and support for local organisations in their endeavours.



Grants

Grants to the Masterton community increased slightly to \$1.02 million, despite the continued difficult financial environment and major investment by the Trust in new buildings.

Primary, secondary and early childhood initiatives involving all local schools and early childhood providers enriched the education of thousands of students. As in previous years, the focus of these collaborative initiatives was on professional development for teachers and providing extraordinary opportunities for students. Since 2005, the Primary/Intermediate programme has received more than \$1.1 million from the Trust. More than \$500,000 has been granted to the equivalent Secondary programme since it began in 2007. The Early Childhood sector initiative has received more than \$70,000 in its first two years. Feedback from education leaders about these programmes has been extremely positive.

The Trust awarded \$136,000 in scholarships for 272 students who are current or past residents of Masterton or students of UCOL Wairarapa. Community grants increased to more than \$356,000 which supported the activities of 35 non-profit organisations, the Masterton District Council and Aratoi.

The Trust's 10-year establishment grant of \$30,000 per year to the Genesis Energy Recreation Centre came to an end this year. However, we continued to support the use of this wonderful town facility with a \$12,000 grant that made the pool complex free to the community for a week in the summer holidays. Seven thousand people took advantage of the opportunity in what was a week of hot weather, 4,800 more than would usually use the pool at that time of year.

Financial

A prudent but proactive approach was reflected in consistently strong financial results again this year.

The value of Trust assets increased by more than six per cent to reach a record \$62.7 million. Reflecting on the past 15 years, it is notable that the value of the Trust property portfolio is now more than five times higher than it was in 1998 (\$12 million).

Rental income increased slightly to reach almost \$4 million allowing further investment and an increase in grants to the community.

Trust equity increased slightly to \$39 million. Operating surplus decreased by 1.5%, reflecting the impact of increased local authority rates and insurances. Other contributing factors were properties left vacant while being redeveloped, removal of earthquake-prone buildings and land banking for future redevelopment.

Debt ratio increased slightly to 36 per cent, reflecting the major investment of \$3.1 million in the property at 27 Lincoln Road.

Property

The Trust's reputation as a responsible and proactive developer and landlord was further enhanced through several major improvements in its estate, which will pay dividends to the community in years to come.

Redevelopment of two severely earthquake-prone properties for existing and new tenants, was the focus of a busy year, following the seismic structural assessments carried out on all Trust buildings in 2011/12.

The redevelopment of 27 Lincoln Road began a new era in the history of a significant Trust property that has served the community since 1897. The former town hall/opera house building on Town Acre 106 was demolished after it was found to be a major earthquake risk and uninsurable. While it was sad to see the old building go, the situation presented an opportunity to develop a new building that would provide a long-term commercial return to the community.

Design of the \$3.1 million 1,680 square-metre 'Waiata House' was carried out in close partnership with its tenants to meet their needs and provide a high-quality, flexible professional environment for the long-term. Built to Green Star environmental standards, the building meets 130 per cent of the national building standard seismic rating.

Replacement of another severely earthquake-prone property – the Elliot Building at 96-98 Queen Street was completed in just three months, minimising disruption to tenants Trade Aid and Saunders Outlet Shoes who were temporarily relocated. The old building met just 10 per cent of the seismic performance standard for new buildings, well under the 33 per cent minimum standard set by the Trust.

A 3,900 square-metre block of landlocked Trust land comprising one third of the former Cornwall Street School site was sold to the government through the Office of Treaty Settlements. It made sense to cancel the lease and sell this land so the whole school site can be disposed of by the Crown.

The Lands Trust Masterton Park in Lincoln Road was completed as an enduring Trust contribution to the community. Mature trees from the 27 Lincoln Road site were successfully relocated to help create a relaxing green space in the central business district.

Community support

The Trust was pleased to assist several key local organisations set their future direction this year. As a landlord and major contributor to Aratoi – Wairarapa Museum of Art and History, we worked with its three main governing and contributing organisations to reach agreement on future working relationships and direction. The Trust continues to act as Trustee for the Masterton Community Centre Trust, and the Wairarapa Tertiary Education and Golden C'Art scholarship funds.

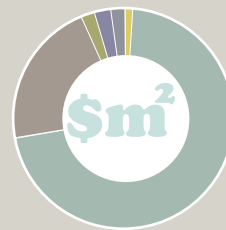
Thanks

I would like to thank my fellow trustees for their contributions during the year. Thanks also go to Secretary/Manager Gary Percy and his small team for their continued dedication. Our team is complemented by a variety of professional advisers who, together with the many building design and construction contractors, make our work possible.

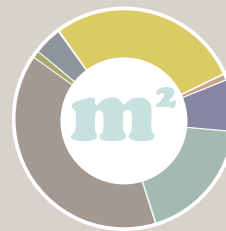
On a personal note, and in my final term as a trustee, it has been a privilege to help continue the legacy left to our community by Masterton's early settlers. It has been enormously satisfying to lead and encourage an organisation that made the town a better place to live and work.

I wish the Trust every success for the future.

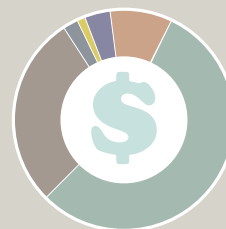
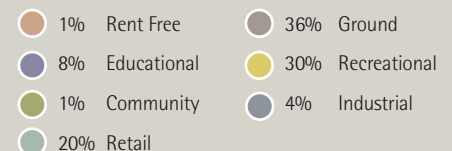
J A Sadler
Chairman

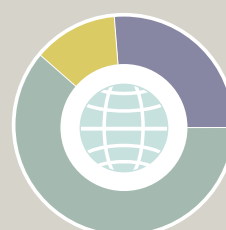
RENTAL INCOME BY USE



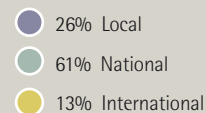
PROPERTY USE BY AREA



PROPERTY USE BY VALUE



TENANT OWNERSHIP



GRANT RECIPIENTS



BEACH EDUCATION - Riversdale Beach Surf Lifesaving Club received a community grant of \$2,000 to assist its Junior Nipper Programme teach primary school-age children safety, skills and confidence in the surf.



A total of \$1,015,932 was granted to the Masterton community in the form of cash and non-cash grants during the year. Education remains the primary focus of the grants programme with more than \$444,000 distributed across Early Childhood, Primary/Intermediate, Secondary and Tertiary institutions and initiatives. The Trust was also able to support 35 community organisations with projects and initiatives for the people of Masterton.



CHEMISTRY SCHOLARSHIP
Christine Brewster, Grants Committee Chair with the 2012 Alan MacDiarmid scholarship recipient Liam Jolliffe who is studying for a Bachelor of Science degree at Victoria University.





▲ **WHITI TE RA** – A whānau day for the Masterton Eastside community that encourages participation in cultural and physical activity alongside healthy eating, auahi kore and alcohol free. The festival has grown from a kapa haka event, to now include games, competitions, music and food. It received a \$3,000 grant during the year.

▼ **LANDS TRUST MASTERTON PARK** – Positive feedback about the grassy area created on Lincoln Road in front of the Trust-owned Burger King building prompted the idea to develop this space into a community park. The space now provides a place where people can rest, eat lunch and enjoy an outdoor environment close to their workplace.



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

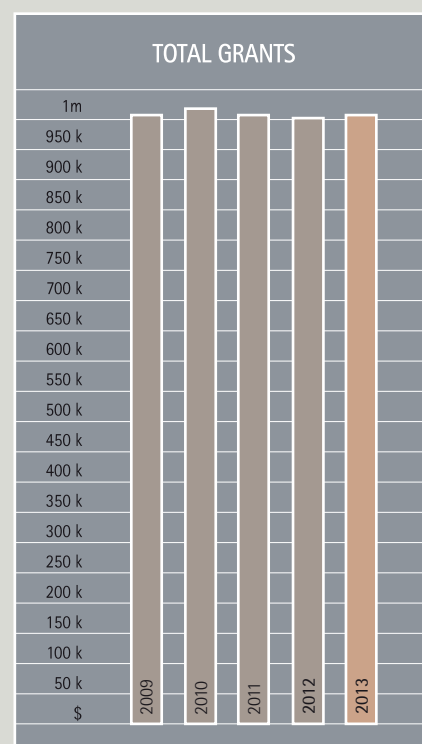
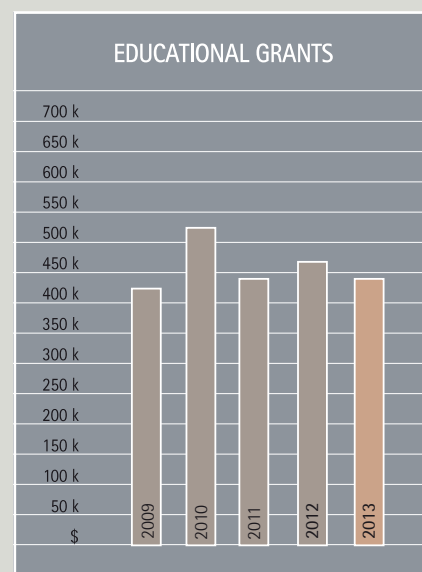
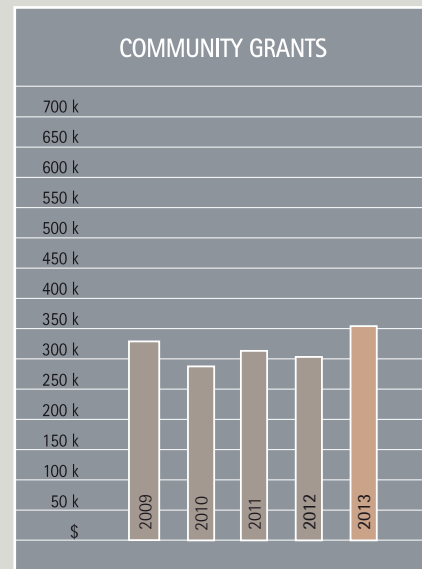
FOR THE YEAR ENDED 31 MARCH 2013

EDUCATIONAL GRANTS.....	444,734
Early Childhood.....	36,873
Kahurangi All Day Kindergarten..... Roll based.....	1,248
Ko Te Aroha..... Roll based.....	1,196
Lansdowne Kindergarten..... Roll based.....	1,092
Lansdowne Playcentre..... Roll based.....	156
Makoura Early Childhood Centre..... Roll based.....	1,326
Manaia Kindergarten..... Roll based.....	1,040
Masterton Christian Childcare Centre..... Roll based.....	1,092
Te Kohanga Reo O Ngāti Hamua..... Roll based.....	1,040
UCOL Wairarapa Childcare..... Roll based.....	806
Una Williams Kindergarten..... Roll based.....	1,066
Wahi Reka Te Kohanga Reo..... Roll based.....	1,040
West Kindergarten..... Roll based.....	1,040
West Playcentre..... Roll based.....	884
York Street Kindergarten..... Roll based.....	1,638
Early Childhood Initiative.....	22,209
Primary/Intermediate Schools.....	148,610
Douglas Park School..... Roll based.....	4,563
Fernridge School..... Roll based.....	2,431
Hadlow School..... Roll based.....	2,470
Lakeview School..... Roll based.....	5,174
Masterton Primary School..... Roll based.....	2,977
Masterton Intermediate School..... Roll based.....	5,434
Solway Primary School..... Roll based.....	2,418
St Patricks School..... Roll based.....	3,081
Te Kura Kaupapa Māori..... Roll based.....	676
Granny's Basket Reading Program.....	19,000
Primary Principals Initiative..... Professional Development.....	96,386
Principals Fund..... Principals Fund.....	4,000
Secondary Schools.....	100,251
Chanel College..... Roll based.....	4,706
Makoura College..... Roll based.....	3,965
Rathkeale College..... Roll based.....	3,614
Solway College..... Roll based.....	1,859
St Matthew's Collegiate..... Roll based.....	4,537
Teen Parent Unit..... Roll based.....	390
Wairarapa College..... Roll based.....	13,091
Intercollegiate Wearable Arts..... Student prize pool.....	1,500
Wairarapa Mathematics Association..... Student prize pool.....	1,000
Secondary Principals Initiative..... Professional Development.....	65,589
Tertiary.....	159,000
Alan MacDiarmid Scholarship..... 1 student.....	1,000
Special Grants.....	1,000
Tertiary Scholarships..... 272 students.....	136,000
UCOL Wairarapa..... Discretionary Assistance Fund.....	20,000
Teen Parent Unit..... Conference costs.....	1,000
NON-CASH GRANTS.....	188,700
Education Centre..... Concessional rent.....	12,600
Rangitāne o Wairarapa..... Concessional rent.....	12,500
Aratoi Regional Trust less café..... Concessional rent.....	163,600

COMMUNITY GRANTS.....356,428

Access Radio Wairarapa.....	Multi-level training regime	2,000
Alzheimers Wairarapa.....	Professional development/staff training.....	500
Arthritis New Zealand.....	Educational seminars.....	500
Community Leisure Management.....	Free swimming for one week.....	12,000
Community Budgeting Trust.....	Volunteers, client support and education.....	2,000
Destination Wairarapa.....	Membership.....	5,000
Enviroschools Foundation.....	Extension of programme	3,000
He Kahui Wairarapa Inc.....	Whiti Te Ra 2012.....	3,000
Henley Men's Shed.....	Skills and equipment training.....	1,000
Hospice Wairarapa.....	Training, biography kits and library.....	5,000
King Street Artworks.....	Programme of structured workshops.....	4,000
Literacy Wairarapa.....	Upskilling literacy and numeracy.....	5,000
Masterton Foodbank.....	Transport reimbursement for volunteers.....	1,000
Masterton Community Toy Library.....		2,000
Masterton Young Citizens Club.....		3,000
Masterton Amateur Theatrical Society / Harlequin Theatre	Feasibility study.....	6,000
Millennium Reserve.....	Ongoing development.....	2,000
Pukaha Mount Bruce.....	Environmental and conservation programmes.....	5,000
Riversdale Beach Surf Lifesaving Club.....	Junior Nipper Programme	2,000
Royal NZ Plunket Society.....	Education courses, support and advice to families..	4,000
SPELD Wairarapa Inc.....	Subsidized tuition/assessment for students.....	1,000
Sport Wellington Wairarapa.....	In-depth schools project.....	10,000
Sport Wellington Wairarapa.....		2,233
Street Youth Ministries Trust.....	Ongoing costs.....	3,000
Te Awhina Cameron Community House.....	Renovation of Community Shed Et new signage ..	10,000
Wairarapa Hearing Association.....	Educational books for distribution in schools.....	450
Vector Wellington Orchestra.....	Three performances in Masterton.....	10,000
Wairarapa All Weather Track.....	Equipment.....	10,000
Wairarapa Citizens Advice Bureau.....	Upgrade of computer server.....	1,000
Wairarapa Kaumatua Council.....	Families at risk advocacy services.....	1,000
Wairarapa Parents Centre.....	Postage/paper costs for newsletter.....	500
Wairarapa REAP.....		5,000
Wairarapa REAP.....		5,500
Wairarapa Resource Centre.....	Supporting youth employment.....	1,000
Wairarapa Search and Rescue.....		4,500
Wairarapa Women's Centre.....	Back to Work with Confidence programme.....	845
Wings Over Wairarapa.....	Air show January 2013.....	10,000
Civic		122,400
Lands Trust Masterton Park.....	Lands Trust Masterton Park.....	30,000
Masterton District Council.....	Purchase library books.....	16,000
Masterton District Council.....	Supplement council grants for civic events	16,400
Masterton District Council.....	Masterton Recreation Centre.....	60,000
Aratoi		90,000
Aratoi.....	Artwork.....	10,000
Aratoi.....	Exhibition Grant	20,000
Aratoi.....	Opex Grant.....	60,000
RENTAL GRANTS.....		26,070
Guides NZ.....	Concessional rent.....	1,200
Harlequin Theatre.....	Concessional rent.....	12,500
Hiona Club.....	Concessional rent.....	1,320
Masterton Young Citizens Club.....	Concessional rent.....	11,050

TOTAL GRANTS.....1,015,932



PROPERTY DEVELOPMENT

Redevelopment of two significant properties during the year reflected the Trust's commitment to address earthquake-prone buildings and invest in modern new buildings that will stand the test of time while providing a return to the community.

The property at 27 Lincoln Road was fully redeveloped for a new tenant, and the Elliot Building at 96-98 Queen Street was rebuilt in 12 weeks for existing tenants.



27 Lincoln Road – Town Acre 106

A new, state-of-the-art building began a new era in the history of a significant community-owned Masterton property that has served Wairarapa people since 1897. Built on the site of Masterton's former Town Hall and Opera House, the new building 'Waiata House' is the result of a close partnership between the Trust and its new tenant from concept to completion.





96-98 Queen Street

The former earthquake-prone Elliot Building was demolished and rebuilt in just 12 weeks during 2012. Minimising disruption to the building's tenants, Saunders Shoes and Trade Aid, was a priority during this process and they were relocated to other Trust retail spaces in the town centre during construction.



PROPERTY

As well as properties in the centre of Masterton, the Trust also has a number of land holdings on the west side of Masterton, the location of which can be seen on the front cover.

MILLENNIUM RESERVE

The Lands Trust Masterton-owned Millennium Reserve on the corner of Pownall and Hillcrest Streets is a community-run project that has seen the transformation of bare land into a reserve filled with native plants, a network of walkways, springs and lakes. Now home to a variety of birds, the development began in 1993 and remains a work-in-progress for seven devoted community Trustees.

The reserve has been designed with people in mind - the layout showcases its many features - walkways dotted with lookout platforms, bridges and seats and a picnic area with plenty of ducks to feed welcome families.

Volunteers maintain an on-site nursery that yields the majority of natives planted in the reserve from the seed of existing plants.

Trustee and volunteer Kevin Worsley says "The reserve is always in need of more volunteers and money, the Lands Trust Community Grants scheme is an important source of income to help the on-going development of this valuable site."





WAIRARAPA COLLEGE FARM

Trust-owned farmland near Wairarapa College allows hands-on learning for agricultural students at the College. Studying agriculture as part of their secondary education includes practise with the benefit of the educational farm to supplement classroom theory.

"This land provides Wairarapa College with a genuine educational farm where students can participate in all stages of farm management," says Wairarapa College HOD Agriculture Daniel Grace. On-farm work carried out by the students as part of their studies includes shearing, drenching and fencing. The farm's close proximity to the college allows students to walk there for individual classes during the day.



TRUSTEES



Alan Sadler
Chairman
Elected 1989



John Bunny
Deputy Chairman
Property/Finance Committee Chair
Elected 2007



Christine Brewster
Grants Committee Chair
Elected 2004



Heaton Haglund
Elected 1998



Garry Daniell
Elected 1988



Chris Peterson
Elected 1998



Karl Taucher
Elected 2001



Leanne Southey
Audit & Risk Committee Chair
Elected 2010



Gary Percy
Secretary/Manager

GOVERNANCE

The Board of Trustees consists of eight members elected by voters living within the Masterton Small Farms Settlement boundaries. Four trustees retire at each triennial local body election. There have been no changes to the board in the last 12 months.

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 Committee and the Grants Committee meet monthly. The Audit Committee meets as required.

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

Other Trusteeships

Lands Trust Masterton also undertakes a number of other governance roles, supporting community organisations. The Trust is the sole trustee of the Masterton Community Centre Trust which owns the Masterton YMCA complex, and it oversees the Community Centre Trust.

Lands Trust Masterton also holds in trust scholarship funds on behalf of Golden C'Art and Wairarapa Tertiary Education. These are administered in accordance with an investment policy with scholarships paid annually.

Recipients for the year ended 31 March 2013 were:

GOLDEN C'ART SCHOLARSHIP FUND

Charities Commission registration no. CC36481

Scholarship: Alex Penfold

WAIRARAPA TERTIARY EDUCATION SCHOLARSHIP FUND

Charities Commission registration no. CC30095

Joan Stone Scholarship: Shirley Chapman (Nursing)

Fletcher Challenge Scholarship: Kara Smith (Early childhood education).

Community-owned Town Acre 106 - 27 Lincoln Road, Masterton



The original building on Town Acre 106 opened in 1897 as the Masterton Town Hall. In 1916 it became the town's Opera House and was badly damaged in major earthquakes in 1934 and 1942. It later served as offices, a bus depot (surviving a fire in 1953) and an auction house. The building was demolished in 2012 after it was classified as severely earthquake-prone. Town Acre 106 and its buildings have been owned by the Masterton community since 1872 through Lands Trust Masterton. Historic features and materials salvaged from the original building can now be seen in Waiata House (see pages 8-9).

Statement of Financial Performance

For the year ended 31 March 2013

	Notes	2012/13	2011/12
		\$	\$
Revenue			
Rent	12	3,980,400	3,884,643
Tenant Outgoings Income	12	334,324	252,441
Other Income	12	-	2,935
Total Operating Revenue		<u>4,314,724</u>	<u>4,140,019</u>
Operating Expenditure			
Property Expenses		710,774	582,071
Tenants Outgoings Expense		334,324	252,441
Administration Expenses		407,401	422,550
Depreciation	2	<u>7,216</u>	<u>7,464</u>
Total Operating Expenditure before interest		<u>1,459,715</u>	<u>1,264,526</u>
OPERATING SURPLUS BEFORE INTEREST		2,855,009	2,875,493
Interest Received	12	128	6,342
Interest Payable		<u>(1,310,768)</u>	<u>(1,313,823)</u>
		<u>(1,310,640)</u>	<u>(1,307,481)</u>
OPERATING SURPLUS		1,544,369	1,568,012
Increase/(Decrease) in Revaluation of Investment Properties	12	(343,420)	(2,393,415)
Less Grants	4	<u>(827,232)</u>	<u>(813,472)</u>
NET SURPLUS TO EQUITY		<u>373,717</u>	<u>(1,638,875)</u>

Statement of Movements in Equity

As at 31 March 2013

	2012/13	2011/12
	\$	\$
Equity		
Equity at the Start of the Period	38,761,579	40,419,854
Net Surplus for the Period	373,717	(1,638,875)
Increase / (Decrease) in Revaluation Reserve	35,350	(19,400)
Total Recognised Revenues & Expenses for period	<u>409,067</u>	<u>(1,658,275)</u>
Equity at the end of the Period	<u>39,170,646</u>	<u>38,761,579</u>
Equity comprises:		
Revaluation Reserve Trust Building		
Opening Balance	63,923	83,323
Revaluation Movement	35,350	(19,400)
Closing balance	<u>99,273</u>	<u>63,923</u>
Retained earnings		
Opening Balance	38,697,656	40,336,531
Net Surplus (Deficit)	373,717	(1,638,875)
Closing balance	<u>39,071,373</u>	<u>38,697,656</u>
Equity at the end of the Period	<u>39,170,646</u>	<u>38,761,579</u>

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

Statement of Financial Position

For the year ended 31 March 2013

	Notes	2012/13		2011/12
		\$	\$	\$
Current Assets				
Deposit account	5	2,450		848
Loans receivable		30,107		-
Recoveries in advance		86,852		-
Accounts receivable		142,386		22,282
GST		184,391		-
Prepayments		<u>80,462</u>		<u>174,127</u>
			526,648	197,257
Non Current Assets				
Investment Land & Buildings	3	58,416,000		57,932,501
Work in Progress	3	2,983,152		-
Fixed Assets	2	<u>746,329</u>		<u>718,195</u>
			62,145,481	58,650,696
TOTAL ASSETS			<u>62,672,129</u>	<u>58,847,953</u>
Current Liabilities				
Bank Accounts	5	229,320		218,697
Accounts Payable		645,249		214,339
Accruals		199,888		13,716
Rent in advance		10,476		-
Interest Accrued		121,051		111,488
GST		-		25,975
Employee entitlement		107,408		124,068
Current portion of term liabilities	6	<u>270,000</u>		<u>9,350,000</u>
			1,583,392	10,058,283
Non Current Liabilities				
Non-current portion of term liabilities	6	21,918,091		10,028,091
TOTAL LIABILITIES			<u>23,501,483</u>	<u>20,086,374</u>
NET ASSETS			<u>39,170,646</u>	<u>38,761,579</u>
EQUITY			<u>39,170,646</u>	<u>38,761,579</u>

Chairman
J A Sadler

Deputy Chairman
J B Bunny



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

Statement of Cash Flows

for the year ended 31 March 2013

	2012/13	2011/12
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Cash inflows from:		
Rental income	3,882,508	3,874,262
Rental Outgoings	334,324	252,441
Other Income	-	2,935
Interest	128	6,342
GST	-	140,863
	<u>4,216,960</u>	<u>4,276,843</u>
Cash outflows for:		
Payments to suppliers and employees	(1,648,610)	(1,197,478)
Interest paid	(1,301,205)	(1,263,188)
GST	(158,417)	-
	<u>(3,108,232)</u>	<u>(2,460,666)</u>
<i>Net Cash Inflow/(Outflow) from Operating Activities</i>	<u>1,108,728</u>	<u>1,816,177</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash was disbursed to:		
Prepayments	-	(114,067)
Capital improvements	(3,210,697)	(4,345,916)
Payments for Fixed Assets	-	(3,479)
	<u>(3,210,697)</u>	<u>(4,463,462)</u>
<i>Net Cash Inflow/(Outflow) from Investing Activities</i>	<u>(3,210,697)</u>	<u>(4,463,462)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash was provided from:		
Borrowings	<u>3,310,000</u>	3,935,000
	3,310,000	3,935,000
Cash was disbursed to:		
Distributions	(717,052)	(826,220)
Loan repayment	<u>(500,000)</u>	<u>500,000</u>
	<u>(1,217,052)</u>	<u>(1,326,220)</u>
<i>Net Cash Inflow/(Outflow) from Financing Activities</i>	<u>2,092,948</u>	<u>2,608,780</u>
Total movement in cash	(9,021)	(38,505)
Opening Cash Balance	(217,849)	(179,344)
Closing Cash Balance	<u>(226,870)</u>	<u>(217,849)</u>
made up as follows		
ANZ Bank	(229,320)	(218,697)
ANZ Bank 20 Account	2,450	848
	<u>(226,870)</u>	<u>(217,849)</u>

Statement of Accounting Policies for the year ended 31 March 2013

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 2013 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 2013 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 2013 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. 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.

There has been a change in presentation in the Statement of Financial Performance. Income derived from recovery of expenses appears in the "Revenue" section. Expenditure relating to recoverable expenses is separately disclosed. Tenant outgoings were previously offset.

Note Disclosures 2013

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

	2013	2012
Reported Net Surplus / (Deficit) to Equity	373,717	(1,638,875)
Add non-cash items:		
Depreciation	7,216	7,464
Other Non-cash Items (Bad Debts)	1,725	-
(Increase) / Decrease in Asset Revaluation Investment Properties	343,420	2,393,415
Increase / Decrease movements in other working capital items:		
(Increase) / Decrease in Payables	(153,977)	28,480
(Increase) / Decrease in Receivables	(150,211)	(9,391)
Movement in Rent in Advance	10,476	-
Movement in Prepayments	93,665	0
Movement in Operating Accruals	-	80,749
Movement in Recoveries	(86,852)	-
Movement in Entitlements	(16,660)	-
Movement in GST	(131,460)	140,863
Movement in Interest	(9,563)	-
Items classified as financing activities:		
Grants Distributed	827,232	813,472
Net Cash Inflow/(Outflow) from Operating Activities	<u>1,108,728</u>	<u>1,816,177</u>

2 FIXED ASSETS AND DEPRECIATION

Cost or valuation	Furniture and Office Equipment	Trust Office Land	Trust Office Improvements	Total
Balance 1 April 2011	114,101	175,000	560,000	849,101
Additions	3,479	-	-	3,479
Revaluation increase (decrease)	-	-	(25,000)	(25,000)
Cost or valuation at 31 March 2012	<u>117,580</u>	<u>175,000</u>	<u>535,000</u>	<u>827,580</u>
Balance 1 April 2012	117,580	175,000	535,000	827,580
Additions	-	-	-	-
Revaluation increase (decrease)	-	35,000	(5,000)	30,000
Cost or valuation at 31 March 2013	<u>117,580</u>	<u>210,000</u>	<u>530,000</u>	<u>857,580</u>
Accumulated depreciation				
Balance 1 April 2011	107,521	-	-	107,521
Depreciation expense	1,864	-	5,600	7,464
Adjustment of revaluation	-	-	(5,600)	(5,600)
Accumulated depreciation at 31 March 2012	<u>109,385</u>	<u>-</u>	<u>-</u>	<u>109,385</u>
Balance 1 April 2012	109,385	-	-	109,385
Depreciation expense	1,866	-	5,350	7,216
Adjustment of revaluation	-	-	(5,350)	(5,350)
Accumulated depreciation at 31 March 2013	<u>111,251</u>	<u>-</u>	<u>-</u>	<u>111,251</u>
Net Book Value at 31 March 2013	<u>6,329</u>	<u>210,000</u>	<u>530,000</u>	<u>746,329</u>
Net Book Value at 31 March 2012	8,195	175,000	535,000	718,195

3 INVESTMENT LAND AND BUILDINGS

	2013	2012
Opening value of investment Land and Buildings	57,932,501	56,511,653
Plus additions to Portfolio	826,919	3,814,263
Plus Work in Progress	2,983,152	0
Plus increase/(decrease) in Revaluation	(343,420)	(2,393,415)
Closing Balance	<u>61,399,152</u>	<u>57,932,501</u>

MASTERTON TRUST LANDS TRUST 2013 FINANCIAL REPORT

4 CASH GRANTS	2013	2012
Community Grants	382,498	345,180
Education Grants	444,734	468,292
Total Cash Grants	<u>827,232</u>	<u>813,472</u>
5 BANK ACCOUNTS	2013	2012
ANZ Current Account	(229,320)	(218,697)
ANZ 20 Account	2,450	848
	<u>(226,870)</u>	<u>(217,850)</u>
6 BANK LOANS	2013	2012
The loans are repayable as follows:		
Within 1 year	270,000	9,350,000
1 - 2 years	8,125,000	5,028,091
2 - 5 years	13,793,091	5,000,000
	<u>22,188,091</u>	<u>19,378,091</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.</p> <p>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 2013 financial year.</p> <p>The weighted cost of funding on term borrowings is 6.05% (2012: 6.79%).</p>		
7 POLICIES IN ACCORDANCE WITH MTLT ACT 2003, CL 17	2013	2012
Policy requires the Trustees to maintain a ratio of Debt to Debt plus Equity of no more than 40%.	36.16%	32.80%
The Trustees will maintain an interest cover of no less than two percent. The interest cover calculation excludes grants and upward property revaluation.	2.18%	2.21%
8 COMMITMENTS		
The Trust has capital commitments of \$671,917 as at 31 March 2013 (2012: Nil)		
9 CONTINGENT LIABILITIES		
The Trust has no contingent liabilities as at 31 March 2013 (2012: Nil)		
10 EXPENDITURE INCLUDES THE FOLLOWING	2013	2012
Audit fees	19,099	15,645
Trustees fees	61,250	59,903
Bad Debts	1,725	8,734
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 "Mangan Graphics" in which L Southey is a minority shareholder.</p> <p>The Trust received rent from "Magie B's" in which C 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	2013	2012
Operating	3,980,528	3,893,920
Tenant Outgoings Recovered	334,324	252,441
Increase/(Decrease) in Asset Revaluation Investment Properties	(343,420)	(2,393,415)
	<u>3,971,432</u>	<u>1,752,946</u>
13 SUBSEQUENT EVENTS	There are no subsequent events.	

INDEPENDENT AUDITOR'S REPORT

To the readers of Masterton Trust Lands Trust's financial statements for the year ended 31 March 2013

The Auditor-General is the auditor of the Masterton Trust Lands Trust (the Trust). The Auditor-General has appointed me, J.R. Smail, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Trust, on her behalf.

We have audited the financial statements of the Trust on pages 14 to 19, that comprise the statement of financial position as at 31 March 2013, the statement of financial performance, statement of movement in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

Opinion

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

- > comply with generally accepted accounting practice in New Zealand; and
- > give a true and fair view of the Trust's:
 - > financial position as at 31 March 2013; and
 - > financial performance and cash flows for the year ended on that date.

Our audit was completed on 29 July 2013. This is the date at which our opinion is expressed.

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

Basis of opinion

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

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

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

An audit also involves evaluating:

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

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. Also we did not evaluate the security and controls over the electronic publication of the financial statements.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Trustees

The Trustees are responsible for preparing financial statements that:

- > comply with generally accepted accounting practice in New Zealand; and
- > give a true and fair view of the Trust's financial position, financial performance and cash flows.

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

The Trustees' responsibilities arise from schedule 2, clause 12 of the Masterton Trust Lands Act 2003.

Responsibilities of the Auditor

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

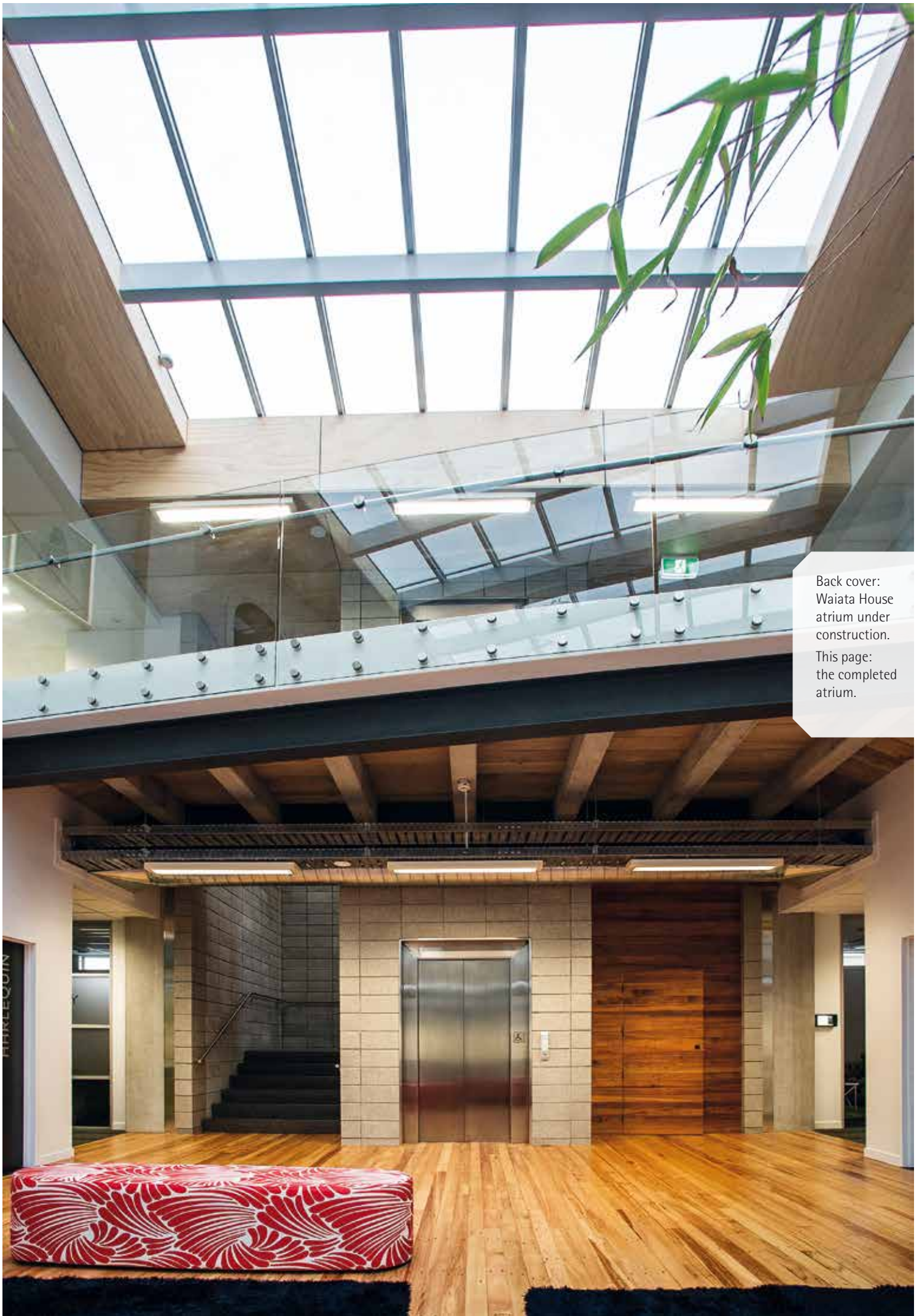
Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

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

J.R. Smail
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand.





Back cover:
Waiata House
atrium under
construction.
This page:
the completed
atrium.

www.ltm.org.nz

Secretary/Manager - Gary Percy

P O Box 90
189 Queen Street
MASTERTON

Phone: 06 370 0155
Fax: 06 370 0156
email: trust@ltm.org.nz

