

Annual Report

2022

Masterton Trust Lands Trust



Our values



Jodi and her child Ngatokorua practise oral language skills with Chatterbox at Makoura Early Learning Centre.

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's assets and maximise 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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Thank you to our tenants and grant recipients for assisting with photographs for this report.

Cover: Trust-owned community property Millennium Reserve and Wairarapa College Farm, Beau Elton Photography.

The year in review

Surplus *	\$ 9.6m	↓ 18.1%
Net operating profit **	\$ 5.8m	↑ 133.4%
Rental income	\$ 5.2m	↓ 4.1%
Equity	\$ 69.9m	↑ 13.9%
Total assets	\$ 89.0m	↑ 6.0%
Debt to debt + equity	21.1%	26.0% (2021)
Total grants	\$ 1.1m	↑ 21.6%

* Before grants, includes property portfolio revaluation

** Before grants, does not include property portfolio revaluation

Established in 1872, Masterton Trust Lands Trust (MTLT) is a significant community-owned asset, governed by its own Act of Parliament. It manages a large portfolio of properties for the benefit of the Masterton community.

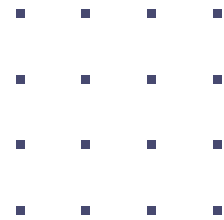
Profits from our commercial property rental income are distributed to the community in the form of education, art and community grants. In addition, space in our buildings is provided to a number of community organisations at concessional rents to support the work they do for the people of Masterton.

From the Trust's establishment, education has been a key focus for our grants programme and activities.



Trust-owned property tenanted by FMG.

Chairperson's report



The 2022 financial year saw the Trust exceed \$1 million in grants and retain a stable tenant occupancy.

For the first time in five years, the Trust's grants exceeded \$1 million. This was due to careful financial management over a number of years, especially during the unpredictable COVID-19 pandemic.

The value of our property portfolio increased to \$86 million thanks to a loyal tenant base, close to 100 percent occupancy, and consistent property maintenance.

The Trust's six-year strategic plan focuses on reducing risks associated with commercial property alongside our goal to significantly increase the level of grants distributed each year to the Masterton community. As we end the third year of our strategy, it's satisfying to see these objectives coming to fruition.

We've experienced moderate asset value growth, and reduced debt from \$29.0 million in 2016 to \$19.1 million today. Our debt to total assets ratio reduced from 40.0 percent to 21.1 percent over the same six-year period. We remain committed to a conservative fiscal approach to ensure the Trust's sustainability and with an eye to the future we welcome investment and development opportunities.

Our grants programme reflects the Trust's vision that learning is life-long and linked to community wellbeing. This year the Trust supported a range of education, art and community initiatives to encourage participation and access for our community, regardless of age. We distributed a total of \$1,107,250 in grants, including \$677,972 in concessional rent grants to 15 community organisations to support their valuable services.

We're looking forward to the long-term benefits the programmes funded under the Whakaoriori Wellbeing Project will deliver to Masterton's school children. With a focus on students from pre-school to secondary, the programmes foster social competence, build resilience and promote positive relationships. While implementation in some schools was interrupted by the pandemic, feedback from educators and caregivers to date has been positive. A common theme emerging across all age groups is how relevant the programmes are, especially as increasing numbers of children experience anxiety.

While the pandemic continued to affect the local economy, regionally Wairarapa outperformed the nation in tourism, hospitality and retail spend. Although supply chains were disrupted across all sectors, our property maintenance programme was able to resume a more routine schedule this year.



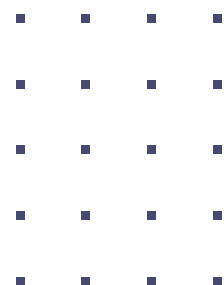
A year ago, I reflected on how navigating the pandemic had seen us grow to be more resilient as an organisation and as a community. In 2022, we saw examples of collaboration where organisations worked together when resources were stretched. In December, trustee Christine Brewster led our Community Christmas Tree project partnering with the Salvation Army to bring gifts into the homes of families in need. The collaboration was a great success delivering more than 300 gifts to Masterton families.

The litigation process to recover the cost of addressing structural design issues in a number of Trust-owned buildings has settled between the parties to those claims.

We extend our warm thanks to our tenants for their enduring support. We acknowledge the professionals and contractors who complement and support our small but very efficient management team. Finally, thanks to my fellow Trustees - your commitment and energy in serving the community over the past 12 months has been appreciated.

In the coming year, we will celebrate the Trust's 150th anniversary. It will be a significant moment in our history to reflect on the Trust's achievements and continuing contribution to enrich educational and cultural opportunities for the people of Masterton.

Leanne Southey
Chairperson



Support through COVID-19

A strong local economy insulated many Trust tenants from the ongoing challenges to business in the second year of the pandemic.

While the lingering effects of COVID-19 continued to disrupt business supply chains (from supermarkets to the construction industry), regionally Wairarapa outperformed larger cities, notably in tourism, which showed year-on-year growth of 14 percent to 31 March 2022. Likewise, Masterton residential house prices grew by 22 percent over the same period.

The effects of the pandemic were felt most deeply by our tenants during the lockdowns that spanned August and September. We were quick to provide around \$63,000 in rent relief to businesses needing urgent support.

"Thanks for your generous offer of support, it is much appreciated and will help us to look after our staff, which is part of what our business is based on."

Mike Durkin, CFO, Resene

"We were grateful for the Trust's proactive response during the 2021 lockdowns. The team got in touch quickly to offer support which made all the difference in a time of uncertainty for our small, busy tourism office."

Anna Nielson, GM, Destination Wairarapa

Community collaboration

In December, at the suggestion of trustee Christine Brewster and in the spirit of giving, the Trust teamed up with the local Salvation Army Corps to help spread festive joy to families in need. Combining forces, the Trust gathered gifts, put the word out to the community, and the Salvation Army distributed presents in time for Christmas Day. Over 300 gifts were donated to 53 children.



"As part of our mana enhancing model, families were given the gifts unwrapped. With gifts and wrapping paper provided by the Trust, families were able to wrap their own gifts. We love that parents were part of this process – knowing what each of their children would receive on Christmas day."

Sarah-Ann Grove, Salvation Army

Grants



This year's grants programme delivered diverse learning opportunities across all ages, in classrooms and in the community.

The Trust recognises that learning is life-long and contributes to community wellbeing. Our grants programme reflects this by supporting learning opportunities for all stages of life.

Fostering social competence

The Whakaoriori Wellbeing Project takes a long term funding approach to foster social competence for rangatahi. A total grant value of \$600,000 has been committed for this project. Now into its second year, the programme is growing with 12 schools involved.



This mural created by senior students at Chanel College is a visual aid with practical strategies to help young people manage their emotions. Using learnings from the Zones of Regulation programme, it weaves in themes of kaitiaki (guardians) from the Māori creation story where Māori gods represent colours (or zones) of emotion.

Quality Circle Time (QCT) is another wellbeing programme implemented this year by Opaki School in collaboration with Lansdowne Kindergarten. Research shows QCT helps to build positive relationships between students and builds self-esteem.

The Trinity schools implemented QCT as part of The Resilience Project. A grant of \$24,405 will help the Trinity group to foster a positive school culture focusing on gratitude, empathy and mindfulness.

Supporting learning in schools

Since 2004 the Trust has distributed roll-based funding to expand learning experiences for children in early childhood centres, primary, and secondary schools in Masterton. This year \$49,370 was distributed across 27 education providers. Each school has autonomy over how the funding is allocated.



Gareth Sinton, Principal of Douglas Park School, and students create mechanical models.

"We really appreciated the financial support from Masterton Trust Lands Trust in the form of the roll-based grant. It allows for the 'extras' to happen in learning, and for us it means exposing children to the power of technology in the form of robotics and coding."

Gareth Sinton, Principal, Douglas Park School

Enriching cultural education

A total of \$101,726 was provided via the Trust's community education grant programme to help 13 Masterton organisations. A first time recipient was Masterton Samoan Assembly of God's 'Siva with Varnz' performing arts group which aims to strengthen Pasifika cultural identity through dance.



Siva with Varnz perform Samoa mo Samoa – the story of the Le Mau movement told through dance.

"I'm so grateful to Masterton Trust Lands Trust for this grant. It means so much to have this kind of backing. If no one is willing to back you up, then no one will know what our Pacific children are capable of. I can't wait to share their performances with the community."

Melnissa Faumui, Siva with Varnz organiser



Makoura College students perform kapa haka with visitors to Aratoi's Pūkana exhibition.

Aratoi's education programme, funded through a \$10,000 Trust grant, delivered a diverse series of learning programmes for pre-schoolers through to senior students. Almost 7,000 tamariki and their carers took part over the year. From May to August, the Pūkana education programme provided a unique opportunity to perform kapa haka inside an exhibition space.

Pūkana was a collaborative effort. Aratoi responded to the desires of local Māori communities to tell their stories and share narratives of performance through the ages. This resulted in high engagement across a range of age groups.

Learning in the community

The Trust has supported REAP's Chatterbox oral language programme for the past four years. Chatterbox develops resources to help new parents build their young child's language skills – accessible to families through community groups and libraries. This year Chatterbox also supported young mothers in the Teen Parent Unit at Makoura College.

A grant of \$3,000 to King Street Artworks funded a four day photography course for 16 adults that focused on building resilience through the creative process of photography.



Ian Chapman, co-ordinator for King Street Artworks on left with ClickHappy students.

Schedule of grants

EDUCATION

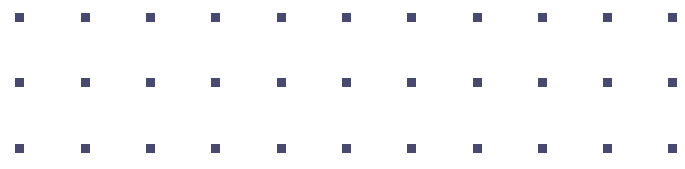
Roll-based funding		\$
Twenty-seven education providers	Roll-based funding	49,370
Community Education		
Masterton Samoan Assembly of God	Siva with Varnz Pacific cultural programme	10,000
Outward Bound Trust of New Zealand	Outward Bound Korowai course for year 12 students	10,000
House of Science Wairarapa Charitable Trust	Five bilingual science kits for local schools	10,000
Learning Disabilities Association Wairarapa Inc	Subsidise low-income families towards cognitive assessment, lessons and reassessment	3,900
Wairarapa Secondary Principals' Association	Year 12 biology initiative in partnership with Pūkaha Mt Bruce	7,000
REAP Wairarapa	Wairarapa Youth 2 Work programme	10,000
REAP Wairarapa	Chatterbox oral language programme	10,000
People First New Zealand Inc - Ngā Tāngata Tuatahi	Training programme for people with a learning disability on the use of digital devices	5,000
Digital Seniors Trust	Digital education and support for seniors	8,000
Aratoi Wairarapa Museum of Art & History	Aratoi education programme	10,000
King Street Artworks Inc	Photography workshop linked to building mental health resilience	3,000
Makoura College	Te Kohanga Mātauranga programme	8,000
Makoura College	STEM academy based on Te Ao Māori and Pasifika elements	6,826
School / Education Events		
Wairarapa Maths Association	Matharapa - Maths competition	1,000
Rathkeale College	Intercollegiate speech competition	696
Wairarapa Secondary Principals' Association	Intercollegiate debating competition	1,000
REAP Wairarapa	Primary photography competition	696
Whakaoriori Wellbeing Project		
Whakaoriori Wellbeing Project	Project co-ordinator costs	4,200
Fernridge School / Solway College	Zones of Regulation programme	39,008
Opaki School / Lansdowne Kindergarten	Circle Time programme	8,556
Lakeview School / Makoura College	Zones of Regulation programme	38,122
Makoura College / Alternative Education	Rock and Water programme	8,057
Trinity Schools	Circle Time programme / Resilience project	24,405
Te Kura Kaupapa Māori o Wairarapa / Te Kōhanga Reo o Ngāti Hāmua	Engage programme	31,100
Special Project		
Pathways	Real Tough Stuff programme in partnership with Makoura College	88,743
Scholarships		
Alan MacDiarmid Scholarship	Two students @ \$1,000	2,000
Golden C'Art Scholarship	One student @ \$1,000	1,000
Tenant Apprentice Scholarship	One apprentice @ \$1,000	1,000
TOTAL EDUCATION		400,678

CIVIC

Masterton District Council (Library)	Materials for library collections and literacy programmes	18,600
TOTAL CIVIC		18,600

COMMUNITY

Masterton Theatre Company	Concept design and project costs for building a community performance centre	10,000
TOTAL COMMUNITY		10,000



CONCESSIONAL RENT

10 Bruce Street	Aratoi Museum of Art & History	324,000
Cornwall Street	Wairarapa College Farm	140,475
205 Chapel Street	Masterton Young Citizens Club	10,750
5 Church Street (Radio House)	Masterton Foodbank	23,361
5 Church Street (Radio House)	Access Radio Wairarapa	29,830
22 Dixon Street (Education Centre)	REAP Wairarapa	20,125
146 Dixon Street	Masterton Theatre Company	16,000
1 Hillcrest Street	Friends of Millennium Reserve	6,420
1 Hillcrest Street	Wairarapa Woodworkers Guild Inc	6,400
203 Ngaumutawa Road	Masterton Judo & Ju Jitsu Academy	8,180
13 Queen Street	ConArt Container Gallery & Studios	28,663
15 Queen Street	He Kāhui Wairarapa Inc	19,668
365 Queen Street (SPOT)	REAP Wairarapa	30,600
392 Queen Street (Enterprise Village)	Autism Wairarapa Charitable Trust	7,200
392 Queen Street (Enterprise Village)	Community Budgeting Trust (Wairarapa)	6,300
TOTAL CONCESSIONAL RENT		677,972
TOTAL GRANTS		1,107,250

Support for further education

MTLT provides two scholarships for school leavers entering tertiary education. The Alan MacDiarmid scholarship provides \$3,000 over three years to a top chemistry student intending to study towards a science-related degree. The Golden C'Art Scholarship of \$1,000 is awarded annually to a top performing arts student who will be completing an arts-related course at tertiary level.



Jessi Watson receives her Golden C'Art Scholarship from trustee Christine Brewster. Jessi is studying a Bachelor of Design at Massey University.



Kian Jones, recipient of the 2022 Alan MacDiarmid Scholarship. Kian is studying Health Sciences at the University of Otago.

Community property



MTLT supports the work of a number of community organisations by providing premises at concessional rents.

He Kāhui Wairarapa - Hau Kāinga

Hau Kāinga (the home crowd) is a unique Māori arts and culture exhibition and wānanga space at 15 Queen Street. He Kāhui Wairarapa brought the concept to life, as a new concessional rent tenant in September 2020.

He Kāhui Wairarapa was established in 2004 to promote Wairapatanga through cultural development and leadership.

Its first exhibition also called Hau Kāinga, focused on local marae and their stories. "It was a way to attract our people, welcoming them into the space to engage face-to-face. We asked what they wanted to see more of and what stories they wanted to tell," explains spokesperson Mākuini Kerehi.

Mākuini says the building offers a highly visible space 'to tell our stories.' Everyone is welcome, as the 'haere mai' sign outside invites all passers-by to take a look.

"Hau Kāinga is a unique place of learning – there's no other dedicated Māori cultural and story-telling place like it in Masterton's CBD."

The areas inside serve several purposes – from hosting free exhibitions, to wānanga (workshops, open to all) to learn weaving and te reo, to a regular meeting place for local groups like the Māori Women's Welfare League. There's also a permanent shop for local Māori artists to sell their work.



Hau Kāinga is open Wednesday to Sunday, 10am – 4pm. Co-ordinator Ruby Wilton welcomes visitors and oversees exhibitions.

Through Hau Kāinga, Ruby completed a cadetship with the National Library – gaining skills and experience in culture and heritage curation, along with oral history and taonga preservation.



New concessional rent tenants

In recognition of the valuable community services provided by two of our long-term tenants at Enterprise Village, we provided Community Budgeting Trust Wairarapa and Autism Wairarapa Charitable Trust with concessional rent grants. These grants allow both organisations to keep their services affordable for their clients.

The Budgeting Trust's services are delivered by six volunteers. Collectively, they contribute around 75 hours weekly to deliver budgeting and advocacy services for 70 clients in Wairarapa. It's the only independent budgeting service available in the region.



Heather Smith and Tracey van der Raaij, concessional rent tenants at Enterprise Village.

"Without the Trust's concessional rent, we would have to increase our \$15 monthly fee for clients. Having the security of rent-free office space in Masterton means we can offer our clients privacy, security and flexibility to meet onsite together in a neutral space."

Heather Smith,
Community Budgeting
Trust Wairarapa

"The office space gives us exactly what we need – a space to work together and apart. A space for others to join and feel comfortable. A place to make a cuppa but most importantly it's where we have always been and people know where we are."

Tracey van der Raaij, Autism Wairarapa

Autism Wairarapa works with people of all ages who are neurodivergent. Two co-ordinators advocate for around 150 people, journeying alongside families to ensure they're supported. They run a variety of programmes from lego building to expand social skills, to support groups, and a spectrum group for young people no longer at school. Receiving a concessional rent grant means Autism Wairarapa can continue to provide its services to families free of charge.



Caring for community buildings – inside and out

Breathing new life into old buildings is one of the ways the Trust keeps Masterton's heritage alive.

On Ngaumutawa Road, former scout hall (Ngā Tōtara Hall) has been home to Masterton's Judo & Ju Jitsu Academy since 2019. This year the Academy re-stained the exterior.

In February, the Trust renovated the wooden floor of the former church, now exhibition space of Aratoi's Wesley Wing. The original matai floor was sanded, polished and damaged boards were replaced. The Wesley Wing is used for community art groups, an annual schools' art exhibition and education art programmes.

Property

Masterton Trust Lands Trust has 90 tenants in our properties across Masterton. Profits from the rental income are used to fund our grants programme.

The Trust's property portfolio remains resilient with close to 100% occupancy despite further challenges brought about by COVID-19. Maintaining the community-owned buildings in our property portfolio continues to be a major focus for the Trust.

Structural strengthening work was completed on UCOL's L block and 408 Queen Street. At Enterprise Village, Units 9 and 10 received new paint and carpet.

The exterior of Enterprise Village was rejuvenated with new paint and fresh new gardens.

The Trust also completes tenancy lease renewals and rent reviews on an ongoing basis. It is a testament to the strength of our much-valued tenants that occupancy rates continue to remain stable.



New exterior paint and gardens at Enterprise Village, Queen Street.

MTLT welcomes new tenants

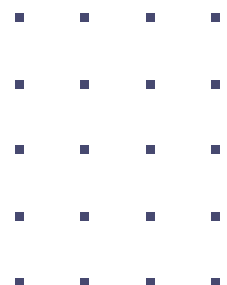
We welcomed two new local businesses to our property portfolio this year. GrainHub became a new tenant in Enterprise Village on Queen Street. GrainHub is a NZ-owned stock feed business that manufactures, stores and supplies pelletised animal feed for farmers.

In January, new tenant Excuse Free Supplements, a health supplement business, moved in to Star Block, Lincoln Road.

The Trust also welcomed two new owners to existing tenancies – Scoops Café & Ice Cream in Queen Street, and Kuripuni Post Shop which has served the community for 20 years.

Litigation developments

The litigation process to recover the cost of addressing structural design issues in a number of Trust-owned buildings has settled between the parties to those claims.



Governance

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 now operates under the Masterton Trust Lands Act 2003.



MTLT Board of Trustees: Gary Caffell, Tom Hullena, Frazer Mailman, Christine Brewster, John Bunny, Leanne Southey (Chairperson), Sandy Ryan, Bex Johnson.

Board of Trustees

The Board of Trustees consists of eight members elected by voters living within the Trust district. Four trustees retire or stand for re-election at each triennial local government election. The Remuneration Authority determines trustee remuneration.

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.

Management Team



The MTLT team of Greer Sinton and Steph Rix is led by Andrew Croskery, General Manager.

Financial report

Statement of comprehensive revenue and expense for the year ended 31 March 2022

	Notes	FULL YEAR 2021/22	FULL YEAR 2020/21
		\$	\$
Revenue			
Administration services	2	1,500	2,100
Interest received	2	13,331	110,027
Miscellaneous revenue	2	2,951,822	106,086
Rental revenue	2	5,208,295	5,428,542
Tenant recoveries	2	614,772	622,764
Total revenue		8,789,720	6,269,519
Expenditure			
Administration	3	591,554	642,403
Depreciation		17,287	19,213
Grants	10	1,107,250	906,411
Interest expense		910,378	897,163
Property and tenant outgoings	3	1,987,854	2,217,083
Total expenditure		4,614,323	4,682,273
Surplus/(deficit) from operations		4,175,397	1,587,246
Gain/(loss) in revaluation of investment properties			
Increase/(decrease) in revaluation of investment properties	9	3,807,594	9,602,000
Increase/(decrease) in revaluation of property, plant and equipment		0	(607,958)
Gain/(loss) on fair value of derivatives			
Gain/(loss) on fair value of derivatives		537,315	267,934
Surplus/(deficit)		8,520,306	10,849,223
Other comprehensive revenue and expense			
Increase/(decrease) in revaluation reserve (Trust Office)		0	(213,192)
Total other comprehensive revenue and expense		0	(213,192)
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		8,520,306	10,636,031

Statement of changes in equity for the year ended 31 March 2022

	FULL YEAR 2021/22	FULL YEAR 2020/21
	\$	\$
Equity		
Equity at the start of the period	61,330,155	50,694,125
Total comprehensive revenue and expense	8,520,306	10,636,031
Equity at the end of the period	69,850,461	61,330,155
Equity comprises:		
Revaluation reserve land and buildings (Trust building)		
Opening balance	0	213,192
Revaluation movement	0	(213,192)
Closing balance	0	0
Retained earnings		
Opening balance	61,330,155	50,480,932
Net surplus/(deficit)	8,520,306	10,849,223
Total retained earnings	69,850,461	61,330,155
EQUITY AT THE END OF THE PERIOD	69,850,461	61,330,155

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

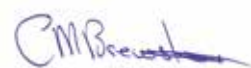
Statement of financial position as at 31 March 2022

	Notes	FULL YEAR 2021/22	FULL YEAR 2020/21
		\$	\$
Assets			
Current assets			
Cash and cash equivalent	4	1,151,291	747,669
Accounts receivable	7	124,846	223,695
Accrued income		3,366	1,095
Term investments	5	1,500,000	1,000,000
Prepayments		26,589	0
Total current assets		2,806,093	1,972,458
Non-current assets			
Investment property	9	85,974,000	81,814,000
Property, plant and equipment	8	132,654	143,352
Tenant fit out		11,386	10,072
Derivative financial instruments	13	45,258	0
Total non-current assets		86,163,298	81,967,423
TOTAL ASSETS		88,969,391	83,939,881
Liabilities			
Current liabilities			
Accounts payable	11	234,220	254,945
Accruals	11	81,649	59,411
Revenue in advance	12	22,269	19,915
Interest accrued		60,991	52,816
Employee entitlements		21,424	18,404
GST payable		25,174	40,079
Borrowings	6	18,673,203	0
Total current liabilities		19,118,930	445,570
Non-current liabilities			
Borrowings	6	0	21,672,099
Derivative financial instruments	13	0	492,057
Total non-current liabilities		0	22,164,156
TOTAL LIABILITIES		19,118,930	22,609,726
NET ASSETS		69,850,461	61,330,155
EQUITY		69,850,461	61,330,155

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



L Southey
Chairperson



C Brewster
Deputy Chairperson

Statement of cash flows for the year ended 31 March 2022

	Notes	FULL YEAR 2021/22	FULL YEAR 2020/21
		\$	\$
Operating activities			
Cash inflows from:			
Rental revenue		4,533,297	4,691,962
Rental outgoings recovery		607,051	614,708
Other revenue		3,047,959	35,742
Interest		11,130	82,711
GST		(1,930)	22,537
Cash outflows for:			
Payments to suppliers and employees		(2,731,236)	(2,628,781)
Interest paid		(902,204)	(895,703)
Grants		(315,368)	(285,339)
Net cash flows from operating activities		4,248,700	1,637,837
Investing activities			
Cash outflows from:			
Purchase property, plant and equipment		(6,590)	0
Capital improvements		(339,591)	0
Purchase of investments		(500,000)	(397,259)
Net cash flows from investing activities		(846,181)	(397,259)
Financing activities			
Cash inflows from:			
Proceeds from short-term loans		(791)	0
Cash outflows from:			
Repayment of short-term loans		(2,998,105)	(900,001)
Net cash flows from financing activities		(2,998,896)	(900,001)
Net increase/(decrease) in cash and cash equivalents		403,623	340,577
Cash and cash equivalents			
Cash and cash equivalents at beginning of period		747,669	407,092
Cash and cash equivalents at end of period		1,151,291	747,669
Net increase/(decrease) in cash and cash equivalents	4	403,623	340,577

Note: Rental revenue is cash only amount and does not include concessional rental grants.

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

Notes to the financial statements

For the year ended 31 March 2022

1 Statement of accounting policies

Statutory basis

Masterton Trust Lands Trust was established in 1872 and operates pursuant to the Masterton Trust Lands Act 2003.

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

Reporting entity

The reporting entity is that 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.

The Trust provides educational, cultural and community grants for the benefit of the Masterton District.

Statement of compliance

The Trust has designated itself as a public benefit entity (PBE) for financial reporting purposes. The financial statements have been prepared in accordance with Tier 2 RDR (Reduced Disclosure Regime) of the PBE accounting standard framework.

The Trust falls into Tier 2 on the basis that it is non-publicly accountable and does not have total expenses in excess of \$30 million per annum.

The Trust manages assets that were entrusted to it by the Wairarapa Town Lands Act 1870 to achieve its own charitable objectives of supporting the educational, cultural and community initiatives of Masterton. As the beneficiaries of the Trust did not settle the Trust, the Trust is not acting in a fiduciary capacity.

These financial statements of the Trust are for the year ended 31 March 2022 and were authorised for issue by the Board on 7th June 2022.

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

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 subsequent actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Some estimates and assumptions that may cause material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

These financial statements have been compiled on the basis of existing information and policies to hand at the time the statements were finalised. The estimates and assumptions that have a significant role of carrying a material adjustment to the carrying amounts of assets and liabilities within the next financial years are:

- The impact to date of the seismic review has been reflected in the valuation of the portfolio as at balance date (Refer note 9).

Revenue recognition

Revenue is measured at fair value. The revenue received is from exchange transactions.

The specific accounting policies for significant revenue items are explained below:

Rent

Rentals will reflect both local and provincial market rates for like businesses and are recognised when they become receivable. Lease receipts under an operating sub-clause are recognised as revenue on a straight line basis over the lease term.

Tenant outgoings recovered

Actual operating costs recovered from tenants as specified in lease arrangements are recognised when they become receivable.

Administration service revenue

Administration services revenue is derived from provision of services in a commercial manner recognised in proportion to the stage of completion at balance date.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of 90 days or less, and bank overdrafts.

Bank overdrafts (if applicable) are shown within borrowings in current liabilities in the statement of financial position.

Loans and receivables

Receivables are recorded at the amount due, less any provision for uncollectibility. A receivable is considered uncollectible when there is evidence that the amount will not be fully collected.

Loans and receivables are non-interest bearing and receivables are generally settled on 30-day terms. Therefore, the carrying value of receivables approximates their fair value. The Trust holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

Goods and Services Tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classed as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Payables and borrowings

Short term creditors and other payables are recorded at their face value. Payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of payables approximates their face value.

Borrowings

Borrowing costs are recognised as an expense in the period in which they are incurred. Borrowings are initially recognised at their fair value net of transactions costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Trust has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Financial derivatives

The interest rate swap derivative relating to the bank loan is held at fair value through the profit and loss.

Income tax

The Trust is exempt from income tax. Accordingly, no provision has been made for income tax.

Property, plant and equipment

Property, plant and equipment consist of the following asset classes: land and buildings and other fixed assets. Property held to meet service delivery objectives is classed as property, plant and equipment.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in property revaluation reserves in respect of those assets are transferred to general funds.

Revaluation

Land and buildings are revalued annually to ensure their carrying amount does not differ materially from fair value.

Revaluations of property, plant and equipment are accounted for on a class of asset basis.

The net revaluation results are credited or debited to the statement of comprehensive revenue and expense and are accumulated to an asset revaluation reserve. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Subsequent costs

Costs incurred subsequent to the initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably. The cost of day to day servicing of plant, property and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight line basis at a rate calculated to allocate the assets' cost over its estimated useful life.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Trust office improvements	100 years	(1%)
Other fixed assets	8 years	(12.5%)

Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Property held to meet service delivery objectives is classified as property, plant and equipment.

Land and buildings and other infrastructure that comprises the Trust's investment portfolio is valued at fair value and is valued annually at each reporting date to ensure that the value does not alter materially from fair value.

New acquisitions are measured initially at cost, including transaction costs. After initial recognition, investment property is measured at fair value as determined annually by an independent valuer. Gains and losses arising from a change in the fair value of investment properties are recognised in the surplus or deficit.

The portfolio was valued as at 31 March 2022 by Morgans Property Advisors, Registered Valuers.

Grant expenditure

Discretionary grants are only recognised when a constructive obligation exists. This is deemed to occur both when the grant has been approved and the approval has been communicated to the recipient.

Non-discretionary grants are recognised when specified criteria have been fulfilled and notice has been given to the Trust.

Grant expenditure is recognised and reported in the statement of comprehensive revenue and expense in the period in which the grant is recognised.

Employee entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee renders the related service are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned to but not yet taken at balance date.

Superannuation schemes

Defined contribution schemes

The Trust's contributions to KiwiSaver are accounted for as defined contributions schemes and are recognised as an expense in the surplus or deficit when incurred.

Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- General funds
- Property revaluation reserve

Property revaluation reserve

These reserves relate to the revaluation of property, plant and equipment to fair value.

2 Revenues

	2021/22	2020/21
	\$	\$
Revenue under exchange transactions		
Rent	5,208,295	5,428,542
Tenant recoveries	614,772	622,764
Other revenue	2,966,654	218,213
Total	8,789,720	6,269,519

Litigation

The Trust is the plaintiff in one non-structural litigation proceeding. As a result, the Trust continues to engage a range of consultants (including lawyers) as it works through this process.

The High Court claims brought by the Masterton Trust Lands Trust in relation to six buildings have settled between the parties to those claims. The settlements remain confidential.

3 Expenditure includes the following:

	2021/22	2020/21
	\$	\$
Property and tenant outgoings		
Insurance	294,018	239,245
Repairs and maintenance (buildings)	319,249	195,289
Rates	418,551	439,352
Seismic review and remediation design	595,129	995,459
Other property related expenditure	360,908	347,738
Total	1,987,854	2,217,083
Administration		
Accountancy fees	9,955	12,768
Archiving costs	14,707	3,445
Audit services	29,623	24,515
Bad debts	0	89,057
Legal expenses	5,960	11,309
Employer contributions to defined contribution schemes	13,279	12,575
Personnel expenses	337,599	305,426
Board members' remuneration	67,622	68,565
Other administrative expenditure	112,810	114,745
Total	591,554	642,403

4 Cash and cash equivalents

Current accounts		
ANZ transaction account	705,723	312,519
ANZ maintenance reserve	385,350	374,986
ANZ grant project reserve	60,218	60,163
Total	1,151,291	747,669

5 Investments

Investments - short term		
MTLT Maintenance TD 1005	0	500,000
MTLT Maintenance TD 1006	0	500,000
MTLT Maintenance TD 1007	750,000	0
MTLT Maintenance TD 1008	750,000	0
Total	1,500,000	1,000,000

6 Borrowings

The loan instruments are repayable as follows:		
Within 1 year	18,673,203	0
1 - 2 years	0	21,672,099
Total	18,673,203	21,672,099

The weighted cost of funding on term borrowings is 4.45% (2021: 4.12%)

There are interest rate swaps of \$-45,258. This is an asset, as shown in the balance sheet. (2021: \$492,056)

Security

The overdraft facility is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$0.5 million (2021: \$0.5 million). There are no restrictions on the use of this facility. The current loan facility is set to expire on 31 August 2022 but it is expected that the facility will be extended for a further two or more years.

All term borrowings are bank loans and interest rates for these borrowings are based on the bank bill rate plus a margin.

The secured loan is secured by a first registered mortgage over the majority of the property portfolio. The facility is subject to various covenants such as limitations on long-term indebtedness, leverage and other ratios.

7 Accounts receivable

Accounts receivable		
Accounts receivable from exchange transactions	124,846	223,695
Total	124,846	223,695

8 Property, plant and equipment

	2021/22	2020/21
	\$	\$
Land		
Land opening cost/valuation	0	230,000
Land revaluation	0	(230,000)
Land closing value	0	0
Buildings		
Buildings opening cost/valuation	0	595,000
Depreciation	0	(3,850)
Adjustment of revaluation	0	3,850
Buildings revaluation	0	(595,000)
Buildings closing value	0	0
Fixed assets		
Fixed assets opening cost/valuation	143,352	158,715
Additions	6,590	0
Depreciation	(17,287)	(15,363)
Fixed assets closing value	132,654	143,352
TOTAL PROPERTY, PLANT AND EQUIPMENT EQUITABLE VALUE	132,654	143,352

Land and Building Valuation (Trust Office):

During the 2021 financial year there was an investigation into the costing of earthquake strengthening the Heritage Listed Trust Office building situated at 187 Queen Street, Masterton. The first estimate has been independently priced at \$2.575 million plus exclusions. The building is deemed to be not sellable in its present form therefore attracting a market value of zero.

Restrictions on Title:

There are no restrictions on the title of the property at 189 Queen Street, known as Trust Office. This is reflected in the valuation done as at 31 March 2022 by registered valuer Blair Taylor of Morgan's Property Advisors, Registered Valuers.

9 Investment property

Investment property		
Opening value of investment land and buildings	81,814,000	72,212,000
Additions to portfolio	352,406	0
Fair value net gain/(loss)	3,807,594	9,602,000
Closing balance	85,974,000	81,814,000
Valuation		

The most recent valuations of land, buildings and infrastructure were performed by an independent registered valuer Blair Taylor of Morgan's Property Advisors, Registered Valuers. Qualifications: BBS (Valuation and Property Management), Member of the Property Institute of New Zealand and Associate of the New Zealand Institute of Valuers having been valuing since 2013 and a Registered Valuer since 2017.

The Trust's properties are valued at fair value using market-based evidence. Market and potential rents (including CPI adjusted rentals) have been applied. The appropriate market capitalisation rates are then applied to reflect Fair Value. Where appropriate further adjustments were made to reflect lease terms and conditions.

The valuation is effective at 31 March 2022. Morgan's Property Advisors have extensive market knowledge in the type and location of investment properties owned by the Trust.

10 Grants

Grants		
Community grants	10,000	47,543
Education grants	400,678	224,152
Concessional rent grants	677,972	621,063
Civic grants	18,600	18,000
Total	1,107,250	910,757
Less grant recovery	0	(4,346)
TOTAL GRANTS	1,107,250	906,411

11 Payables

Payables under exchange transactions		
Accounts payable	(234,220)	(254,945)
Accruals	(35,618)	(49,411)
Total	(269,838)	(304,356)
Payables under non-exchange transactions		
Accrued grants	(46,031)	(10,000)
Total	(46,031)	(10,000)
TOTAL PAYABLES	(315,869)	(314,356)

12 Revenue in advance

Some property related expenditure is recovered from the Trust's tenants. Where the recovered amount relates to a period beyond balance date, the amount is transferred to revenue in advance.

13 Derivative financial instruments

	2021/22	2020/21
	\$	\$
Derivative financial instruments		
Non-current interest rate swaps - fair value	45,258	(492,057)
Total derivative financial instruments	45,258	(492,057)

14 Policies in accordance with MTL Act 2003, CL17

Policies in accordance with MTL ACT 2003, CL17		
Policy requires the Trustees to maintain a ratio of Debt to Debt plus Equity of no more than 40%	21.09%	26.01%
The Trustees will maintain an interest cover of no less than two times.	5.29	4.85

15 Commitments

The Trust has no capital commitments at 31 March 2022 (2021: nil), and no operating commitments at 31 March 2022 (2021: nil).

16 Contingent liabilities

The Trust has no contingent liabilities as at 31 March 2022 (2021: nil)

17 Related parties

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that are reasonable to expect that the Trust would have adopted in dealing with the party at arm's length in the same circumstances.

During the year the Trust provided funds to the Masterton District Council for community purposes - \$18,600 (2021: \$18,000).

Sandy Ryan (Trustee) is a councillor of the Masterton District Council.

Bex Johnson (Trustee) is a councillor of the Masterton District Council.

Frazer Mailman (Trustee) is a councillor of the Masterton District Council.

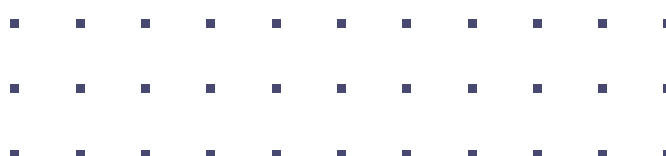
Gary Caffell (Trustee) is a councillor of the Masterton District Council.

The Trust received rent from Masterton Trade Aid Trust in which Leanne Southey (Chair) is a Trustee. Rent received makes up 0.23% of rental revenue and they receive a 55% discount. The discount was provided to the Trust, as it operates for charitable purposes.

Key management personnel compensation		
Board members		
Remuneration	67,622	68,565
Full-time equivalent members	8	8
Management team		
Remuneration (includes employer contribution to KiwiSaver)	334,579	316,968
Full-time equivalent members	3	3
Total key management personnel remuneration	402,200	385,533
Total full time equivalent personnel	11	11

18 Events after balance date

The High Court claim brought by the Masterton Trust Lands Trust in relation to the buildings at 26 Perry Street and 27 Lincoln Road, Masterton was settled between the parties to that claim in May 2022.



INDEPENDENT AUDITOR'S REPORT TO THE READERS OF MASTERTON TRUST LANDS TRUST'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

The Auditor-General is the auditor of Masterton Trust Lands Trust (the Trust). The Auditor-General has appointed me, Henry McClintock, using the staff and resources of BDO Wellington Audit Limited, to carry out the audit of the financial statements of the Trust on his behalf.

Opinion

We have audited the financial statements of the Trust on pages 12 to 19, that comprise the statement of financial position as at 31 March 2022, the statement of comprehensive revenue and expense, statement of changes 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.

In our opinion, the financial statements of the Trust:

- present fairly, in all material respects:
 - its financial position as at 31 March 2022; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

Our audit was completed on 7 June 2022. This is the date at which our opinion is expressed. The basis for our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements, we comment on other information and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Trustees for the financial statements

The Trustees are responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Trustees are responsible for such internal control as they determine is necessary to enable them to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless the Trustees intend to wind up the Trust or to cease operations, or have no realistic alternative but to do so.

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

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if,

individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Trustees are responsible for the other information. The other information comprises the information included on pages 1 to 11, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Trust.



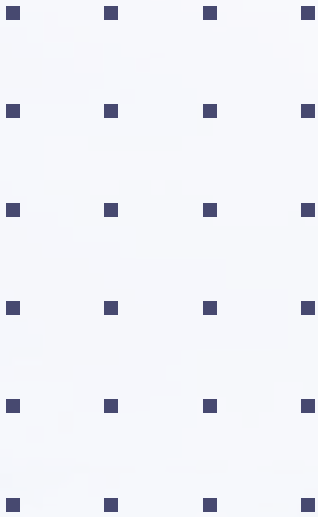
Henry McClintock
BDO WELLINGTON AUDIT LIMITED

On behalf of the Auditor-General
Wellington, New Zealand



THE MASTERTON TRUST LANDS TRUST EST 1871

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