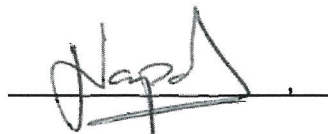


**MAYOR'S WELFARE FUND
CHARITABLE TRUST**

**Financial statements for the year ended
30 June 2011**



Helen Broughton
Chairperson
Mayor's Welfare Fund Committee



Lincoln Papali'i
Team Leader
Mayor's Welfare Fund

MAYOR'S WELFARE FUND CHARITABLE TRUST
FINANCIAL STATEMENTS
For the year ended 30 June 2011

TABLE OF CONTENTS

| | |
|--|---|
| STATEMENT OF COMPREHENSIVE INCOME..... | 3 |
| STATEMENT OF CHANGES IN EQUITY..... | 3 |
| BALANCE SHEET..... | 3 |
| Notes to the financial statements..... | 4 |

MAYOR'S WELFARE FUND CHARITABLE TRUST

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

| | Note | 2011 | 2010 |
|-----------------------------------|------|----------------|----------------|
| Revenue | 2a | 285,008 | 304,893 |
| Expenses | 2b | <u>124,338</u> | <u>239,337</u> |
| Net Surplus / (Deficit) | | <u>160,670</u> | <u>65,556</u> |
| Other comprehensive income | | - | - |
| Total comprehensive income | | <u>160,670</u> | <u>65,556</u> |

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2011

| | Retained earnings |
|----------------------------|-------------------|
| Balance at 1 July 2009 | 611,640 |
| Total comprehensive income | <u>65,556</u> |
| Balance at 30 June 2010 | <u>677,196</u> |
| Total comprehensive income | <u>160,670</u> |
| Balance at 30 June 2011 | <u>837,866</u> |

BALANCE SHEET

As at 30 June 2011

| | Note | 2011 | 2010 |
|---------------------------|------|----------------|----------------|
| Current assets | | | |
| Cash and cash equivalents | 3 | 159,590 | 25,416 |
| Accrued income | | 26,780 | 12,062 |
| Short term deposits | | <u>651,496</u> | <u>639,719</u> |
| Total current assets | | <u>837,866</u> | <u>677,197</u> |
| Total assets | | 837,866 | 677,197 |
| Total equity | | <u>837,866</u> | <u>677,197</u> |

The accompanying notes form part of and are to be read in conjunction with these financial statements.

MAYOR'S WELFARE FUND CHARITABLE TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2011

1. Statement of Accounting Policies

Reporting Entity:

The Mayor's Welfare Fund Charitable Trust (the 'Trust') was originally set up in 1897 and now operates as a trust fund of Christchurch City Council.

Purpose:

Under New Zealand International Financial Reporting Standards (NZ IFRS), the Trust is a public benefit entity. The Trust is also a qualifying entity under the Framework for Differential Reporting, as it is not large within the meaning of this term as set out in the Framework for Differential Reporting. The Trust has taken advantage of differential reporting concessions under the following NZ IFRS:

NZ IAS 1
NZ IAS 7
NZ IAS 8
NZ IAS 24
NZ IAS 32

These policies, which comply with NZ IFRS, are intended as guidelines for financial accounting and also as the base for preparation of notes to the financial statements. Changes to these policies will be proposed as necessary when changes are made to NZ IFRS.

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

The functional and presentation currency is New Zealand dollars.

The financial statements of the Trust are for the year ended 30 June 2011. The financial statements were authorised for issue by the Trustees on 5 March 2012.

Basis of financial statement preparation

The financial statements are prepared under the historical cost convention.

Revenue

Revenue is measured at the fair value of consideration received.

Grants

Grants received from various sources, including Christchurch City Council, are the primary source of funding for the Trust. Grants are recognised as revenue when received.

Interest

Interest income is recognised as it accrues, using the effective interest method.

MAYOR'S WELFARE FUND CHARITABLE TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2011

Investments

Investments are initially measured at fair value plus transaction costs.

After initial recognition, investments are classified as Loans and receivables, which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

At each balance date the Trust assesses whether there is any objective evidence that an investment is impaired. Any impairment losses are recognised in the income statement.

Trade and other receivables

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

Cash and cash equivalents

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

Donated goods

Goods donated to the Trust are forwarded to other welfare agencies better equipped to handle the receiving and distributing of goods.

Goods and Services Tax

The Trust is registered for GST. The financial statements are prepared inclusive of GST.

Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

Income Tax

The Trust is not liable for Income Tax.

Changes in accounting policies

All accounting policies are consistent with those of the previous year.

MAYOR'S WELFARE FUND CHARITABLE TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2011

2. Revenue and expenses

(a) Revenue

| | 2011 | 2010 |
|----------------------|----------------|----------------|
| Interest | 27,741 | 24,329 |
| Grants and donations | <u>257,267</u> | <u>280,564</u> |
| Total revenue | <u>285,008</u> | <u>304,893</u> |

Grants of \$190,000 [2010: \$238,934] were received from Christchurch City Council.

(b) Expenses

| | 2011 | 2010 |
|---------------------------------------|----------------|----------------|
| Rent & rates | 65,985 | 114,698 |
| Electricity | 20,498 | 83,190 |
| Child care subsidy & Child enrichment | 18,832 | 14,335 |
| Firewood | 6,398 | 18,734 |
| Medical | 4,554 | 2,684 |
| Furniture | 2,050 | 2,595 |
| Funerals | 1,200 | - |
| Clothing | 289 | 300 |
| Making it Happen | 105 | 623 |
| Xmas Hampers | 3,000 | 1,600 |
| Telephone | 300 | 300 |
| Shoes | - | - |
| Sundry | 1,128 | 277 |
| Total expenses | <u>124,338</u> | <u>239,337</u> |

The auditor of the Trust is Audit New Zealand, as appointed by the Office of the Auditor-General. Audit fees for 2011 were \$1,600 [2010: \$1,550] and were met by the Christchurch City Council.

3. Cash and cash equivalents

| | 2011 | 2010 |
|---------------------------------|----------------|---------------|
| National Bank Cheque Account | 159,345 | 25,173 |
| National Bank On Call Account | 245 | 243 |
| Meridian Energy Credit Facility | - | - |
| | <u>159,590</u> | <u>25,416</u> |

MAYOR'S WELFARE FUND CHARITABLE TRUST
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2011

4. Financial instruments

Financial instruments include bank deposits (see Note 3), and short-term deposits. The investment carries an average interest rate of 3.97% [2010: 3.57%].

Risk

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

Interest rate risk

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

Credit risk

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

The Trust does not have any material concentration of credit risk.

5. Related parties

Christchurch City Council is the ultimate controlling party of the Trust, and provides administrative services to the Trust at no cost to the Trust.

Interest of \$26,377 was received from Christchurch City Council [2010: \$23,068].

Grants of \$190,000 [2010: \$238,938] were received from Christchurch City Council.

6. Commitments

There are no commitments outstanding at balance date (2010: nil).

7. Contingencies

There are no contingent liabilities or assets (2010: nil).

8. Subsequent events

Subsequent to year end, the Trust has taken over the administration of the Mayor's Welfare Earthquake Relief Fund.

5 March 2012

Scott Tobin
Director
Audit New Zealand
PO Box 2
CHRISTCHURCH

Dear Scott

LETTER OF REPRESENTATION FOR THE YEAR ENDED 30 JUNE 2011

This representation letter is given in connection with your audit, conducted on behalf of the Auditor-General, of the financial statements for the year ended 30 June 2011 of:

✓ Mayor's Welfare Fund Charitable Trust (the Trust);

This representation letter is furnished to you in connection with your responsibility to express an opinion as to whether the financial statements comply with generally accepted accounting practice in New Zealand and fairly reflect the financial position of the Trust as at 30 June 2011 and of the results of its operations for the year then ended.

We understand that your examination was conducted in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We also understand that your examination was (to the extent that you deemed appropriate) for the purposes of expressing an opinion on the financial statements, and that such an examination would not necessarily disclose any or all irregularities should any exist.

We confirm, to the best of our knowledge and belief, the following representations:

General

- 1 The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand.
- 2 The financial statements are free of material misstatements, including omissions.
- 3 Accounting policies, as defined in the financial statements, have been applied consistently throughout the year and any significant change in accounting policy has been disclosed in the financial statements.
- 4 No transactions and balances (including cash and investment accounts) have been offset, except where a right of set-off is permitted by generally accepted accounting practice in New Zealand.
- 5 The records maintained by the Trust during the year were:

- v adequate for the preparation of the Trust's financial statements; and
- v in accordance with the requirements of the Inland Revenue Department.
- 6 We have made available to you all accounting records, including supporting documentation, and there have been no material transactions which have not been recorded in the accounting records.
- 7 All minutes of meetings of the Trust and its sub-committees held to date have been made available to you for inspection, including summaries of recent meetings for which minutes have not yet been prepared or approved.
- 8 We have informed you of the existence of all agreements relating to agencies, subsidiary companies, joint ventures, trust funds or partnerships or other contractual agreements.
- 9 We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- 10 Other than described in the notes to the financial statements, we are not aware of any events subsequent to year end which require adjustment of, or disclosure in, the financial statements or notes thereto.
- 11 The information contained in the Trust's financial statements is consistent with the information contained elsewhere in the annual report.

Internal control systems and compliance with laws, regulations and contractual obligations

- 12 The Trustees accept that they are responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Trustees also acknowledges their responsibility for the design and implementation of internal control to prevent and detect fraud. The Trustees have maintained effective internal control systems during the financial year and the systems have operated to generate accurate and reliable financial information and safeguard assets.
- 13 There have been no changes to, or introduction of new, information systems during the year that could adversely impact the completeness and accuracy of the Trust's information systems and underlying data.
- 14 The Trustees accept that they are responsible for that all applicable aspects of legislative, regulatory and contractual requirements, which impact on the activities and functions of the Trust have been complied with. To the best of its knowledge the Trustees have complied with all legislative, regulatory and contractual requirements during the year.
- 15 The Trustees' actions during the financial year were according to and within its powers. In addition, we have disclosed to you all known actual or potential instances of non-compliance with any legislative, regulatory or contractual requirement which we have considered for inclusion in the financial statements as a liability, contingency or commitment.

- 16 No claims or notices of litigation have been or are expected to be received.
- 17 The Trust has not been directly represented by solicitors for the year ended 30 June 2011.
- 18 Expenditure relating to restricted reserves, trusts and monies held on behalf of third parties has been paid in accordance with the purposes of the restricted reserve, trust deed or any other agreement or understanding, and has been appropriately authorised.

Large or unusual transactions or events

- 19 We have provided full and complete information regarding the identification of related parties. The identity of related parties, related party transactions, and related amounts receivable or payable (including fees, commissions, purchases and sales, loans, transfers, leasing arrangements and guarantees) has been properly recorded and disclosed in the financial statements.
- 20 No loan has been made to any member of the Trust or staff member of the Trust. Nor have any guarantees been entered into or securities provided in connection with a loan made to a member of the Trust or staff member during the year that have not been disclosed in the financial statements.
- 21 All revenue earned prior to 30 June 2011 has been taken into account and, except as disclosed in the financial statements, the results for the year were not materially affected by:
- ✓ transactions of a sort not usually undertaken by the Trust;
 - ✓ circumstances of an exceptional or non-recurrent nature;
 - ✓ charges or credits relating to prior years;
 - ✓ any change in the basis of accounting or application of accounting policies;
 - ✓ losses arising from sale and purchase commitments; and
 - ✓ transactions or agreements with related parties (such as subsidiaries, in-substance subsidiaries, affiliates, principal stakeholders, members of the Trust or management) which were not in the ordinary course of business.
- 22 We have disclosed to you:
- ✓ the results of any assessment made by the Trustees or management that the financial statements of the Trust may be materially misstated as a result of fraud;
 - ✓ any fraud or suspected fraud affecting the Trust involving members of the Trust, management, employees of the Trust or any of its subsidiaries, or any other parties; and

any allegations of fraud, or suspected fraud, affecting the Trust's financial statements communicated by employees, former employees, analysts, regulators or others.

- 23 We have disclosed all obligations in respect of options (put and call), guarantees, on-selling and buy back agreements, and all other arrangements (contingent or otherwise) relating to the acquisition or disposal of assets, including investments.
- 24 The Trust has no off-balance sheet assets or liabilities, including financial derivatives, except as disclosed in the financial statements.

Assets

- 25 The Trust has satisfactory title to all assets, and there are no liens or encumbrances on the assets.
- 26 All current assets are expected to realise, in the ordinary course of business, at least the value at which they are recorded in the financial statements and are expected to be realised within twelve months. Adequate provision has been made for all uncollectable or doubtful amounts owing to the Trust.
- 27 All vested assets and/or donations have been accounted for in the financial statements.

Liabilities

- 28 All known or ascertainable material liabilities of the Trust at balance date have been reflected in the financial statements.
- 29 We have made adequate provision for all known and anticipated losses at the date of this letter.

Guarantees, contingencies and commitments

- 30 The nature of any guarantee given by or on behalf of the Trust is fully disclosed in the financial statements.
- 31 There are no known material contingent liabilities or contingent assets at balance date other than those disclosed in the financial statements.
- 32 There are no known material commitments at balance date other than those disclosed in the financial statements.

Going concern

- 33 We also confirm that, to the best of our knowledge and belief, the Trust has adequate resources to continue operations at their current level for the foreseeable future. For this reason, the Trustees continue to adopt the going concern assumption in preparing the financial statements for the year ended 30 June 2011. We have reached this conclusion after making enquiries and having regard to circumstances which we consider likely to affect the Trust during the period of one year from the

date of signing the audit opinion, and to circumstances which we know will occur after that date which could affect the validity of the going concern assumption.

- 34 We consider the financial statements adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern assumption by the Trust.
- 35 Throughout the year the Trust has conformed with the requirements of its banking arrangements, debenture trust deeds or negative pledge agreements, including those relating to its net tangible assets ratios.

Unadjusted misstatements

- 36 The financial statements are free from material misstatements, including omissions. We are aware that you have not identified any misstatements during the course of your audit that have not been adjusted.
- 37 We have completed our procedures to evaluate the accuracy and completeness of the disclosures in our financial statements. As a result of the evaluation process, we have not identified any disclosures that have been omitted from our financial statements.

These representations are made at your request, and to supplement information obtained by you from the records of the Trust and to confirm information given to you orally.

Yours sincerely



Helen Broughton
Chairperson
Mayor's Welfare Fund Committee

Independent Auditor's Report

**To the readers of
Christchurch City Mayor's Welfare Fund Charitable Trust's
financial statements
for the year ended 30 June 2011**

The Auditor-General is the auditor of Christchurch City Mayor's Welfare Fund Charitable Trust (the Trust). The Auditor-General has appointed me, Scott Tobin, 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 3 to 7 that comprise the balance sheet as at 30 June 2011, the statement of comprehensive income and statement of changes in equity for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

Opinion

In our opinion the financial statements of the Trust on pages 3 to 7:

- comply with generally accepted accounting practice in New Zealand¹; and
- fairly reflect the Trust's:
 - financial position as at 30 June 2011; and
 - financial performance for the year ended on that date.

Our audit was completed on 11 April 2012. This is the date at which our opinion is expressed.

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

Basis of opinion

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

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. 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 Trust's preparation of 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. 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
- fairly reflect the Trust's financial position, financial performance.

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.

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.

Independence

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

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



S M Tobin
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand