

Eastland Network Charitable Trust
Annual report and financial statements
For the year ended 31 March 2007

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Signed for and on behalf of the Board



Trustee



Trustee

Audit report

To the readers of Eastland Network Charitable Trust

We have audited the financial statements on pages 3 to 8. The financial statements provide information about the past financial performance of the Trust and its financial position as at 31 March 2007. This information is stated in accordance with the accounting policies set out on page 6.

Trustees' responsibilities

The Trustees are responsible for the preparation of financial statements which give a true and fair view of the financial position of the Trust as at 31 March 2007 and the results of its operations and cash flows for the year ended on that date.

Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Trustees and report our opinion to you.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Trustees in the preparation of the financial statements;
- whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Trust as far as appears from our examination of those records;
- the financial statements on pages 3 to 8:
 - comply with New Zealand generally accepted accounting practice;
 - give a true and fair view of the financial position of the Trust as at 31 March 2007 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 27 June 2007 and our unqualified opinion is expressed as at that date.



Gisborne

Eastland Network Charitable Trust

Profit & Loss

For the year ended 31 March 2007

| | 2006/07 | 2005/06 |
|--|----------------|----------------|
| | \$ | \$ |
| Revenue: | | |
| - Grants received | 200,000 | 521,500 |
| - Interest received | 17,340 | 18,214 |
| Total revenue | 217,340 | 539,714 |
| Expenditure: | | |
| - Accountancy fees | 112 | - |
| - Audit fees | 1,069 | 619 |
| - Legal fees | 585 | - |
| - Other expenditure | 441 | 485 |
| Total expenditure | 2,207 | 1,104 |
| Net surplus transferred to equity | 215,133 | 538,610 |

Statement of movements in equity

For the year ended 31 March 2007

| | | |
|--|----------------|----------------|
| Total equity at beginning of year | 58,831 | 28,121 |
| Net operating surplus for the year | 215,133 | 538,610 |
| Total recognised revenue and expenses | 215,133 | 538,610 |
| Other movements: | | |
| - Distributions to beneficiaries (grants) | 42,575 | 507,900 |
| Total equity at end of year | 231,389 | 58,831 |

The attached notes form an integral part of these financial statements

Eastland Network Charitable Trust


Balance Sheet

As at 31 March 2007

| | Notes | 2006/07 \$ | 2005/06 \$ |
|---|-------|----------------|----------------|
| Equity | | | |
| Trust capital | 2 | 10 | 10 |
| Retained earnings | | 231,379 | 58,821 |
| Total equity | | <u>231,389</u> | <u>58,831</u> |
| Represented by: | | | |
| Current assets | | | |
| Westpac current account | | 522 | 476 |
| ABN Amro Craigs cash management account | | 196,512 | 256,272 |
| Accounts Receivable | | 24,846 | - |
| Total current assets | | <u>221,880</u> | <u>256,748</u> |
| Current liabilities | | | |
| Outstanding Grants | | 14,407 | 222,418 |
| Accounts Payable | | 585 | - |
| Total current liabilities | | <u>14,992</u> | <u>222,418</u> |
| Net working capital | | 206,888 | 34,330 |
| Non-current assets | | | |
| Loan – Tairawhiti Pharmaceuticals Ltd | | 24,501 | 24,501 |
| Non-current liabilities | | - | - |
| Net assets | | <u>231,389</u> | <u>58,831</u> |

For and on behalf of the Board


Trustee


Trustee

The attached notes form an integral part of these financial statements

Eastland Network Charitable Trust

Statement of cash flows

For the year ended 31 March 2007

| | 2006/07 | 2005/06 |
|---|------------------|------------------|
| | \$ | \$ |
| Cash flows from operating activities | | |
| Cash was provided from: | | |
| Grants received | 200,000 | 521,500 |
| Interest received | 17,340 | 18,214 |
| | <hr/> | <hr/> |
| | 217,340 | 539,714 |
| Cash was disbursed to: | | |
| Payments to suppliers | 1,622 | 1,104 |
| | <hr/> | <hr/> |
| | 1,622 | 1,104 |
| | <hr/> | <hr/> |
| Net cash inflow from operating activities (note 6) | 215,718 | 538,610 |
| | <hr/> | <hr/> |
| Cash flows from investing activities | | |
| Loan to Tairawhiti Pharmaceuticals Ltd | - | 24,501 |
| | <hr/> | <hr/> |
| Net Cash outflow from investing activities | - | (24,501) |
| | <hr/> | <hr/> |
| Cash flows from financing activities | | |
| Payment of grants | 275,432 | 285,482 |
| | <hr/> | <hr/> |
| Net cash outflow from financing activities | (275,432) | (285,482) |
| | <hr/> | <hr/> |
| Net decrease in cash held | (59,714) | 228,627 |
| Add opening cash | 256,748 | 28,121 |
| | <hr/> | <hr/> |
| Ending cash carried forward | 197,034 | 256,748 |
| | <hr/> | <hr/> |

The attached notes form an integral part of these financial statements

Eastland Network Charitable Trust

Notes to financial statements

1. Statement of accounting policies

Reporting entity

Eastland Network Charitable Trust (“the Trust”) is a charitable trust established on 19 April 2002 and was incorporated under the Charitable Trusts Act 1957 on 4 December 2002.

The financial statements have been prepared in accordance with generally accepted accounting practice.

Measurement base

The financial statements have been prepared on a historical cost basis. Reliance is placed on the fact that the Trust is a going concern.

Accounting policies

The following particular accounting policies which materially affect the measurement of financial results and financial position have been applied:

Grants

Grants are accounted for as they are distributed or committed to be distributed, to eligible organisations, as approved by the Trustees.

Goods and Services Tax (GST)

The Trust is not registered for GST as the nature of the business comprises an exempt activity.

Statement of cash flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Trust invests as part of its day to day cash management.

Operating activities include cash received from all income sources of the Trust and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the Trust.

Differential Reporting

Eastland Network Charitable Trust is a qualifying entity for differential reporting because it has no public accountability and is a small entity as defined in the framework for differential reporting. Eastland Network Charitable Trust has taken advantage of all applicable differential reporting exemptions except for FRS10 Statement of cash flows.

Non-current asset

Non-current assets are valued at cost.

Eastland Network Charitable Trust

Notes to financial statements (continued)

Changes in accounting policies

There have been no changes in accounting policies from those adopted in the last audited financial statements. All policies have been applied on a basis consistent with other years.

2. Equity

Trust Capital

The Trust was established on 19 April 2002 with a gift of \$10 from the settlor, Michael Dawson Chrisp.

3. Contingencies

The Trust has received a grant of \$25,000 from the Tindall Foundation. The grant has certain conditions attached to it that if not satisfied require the grant to be repaid.

On the 22nd of December 2004 the Trust entered into an agreement to provide an interest-free loan of \$25,000 to Tairawhiti Pharmaceuticals Limited for a term not exceeding 10 years. As at balance date \$24,501 had been drawn down.

There were no other material contingencies at balance date (2006:\$Nil).

4. Capital commitments

There were no material capital commitments at balance date (2006:\$Nil).

5. Related party transactions

The Trust received a grant of \$200,000 (2006:\$516,500) from the Eastland Community Trust during the year. The Trustees of Eastland Network Charitable Trust are the same as the Trustees of Eastland Community Trust.

6. Reconciliation of net operating surplus with cash inflow from operating activities.

| | 2007 | 2006 |
|---|------------------|------------------|
| | \$ | \$ |
| Reported net operating surplus after taxation | 215,133 | 538,610 |
| Movements in working capital | | |
| (Increase)/Decrease in receivables | (24,846) | 0 |
| Increase/(Decrease) in payables | <u>585</u> | <u>0</u> |
| | (24,261) | 0 |
| | 190,872 | 0 |
| Add back item classified as financing activities | | |
| Grants refund included in receivables | <u>24,846</u> | <u>0</u> |
| Net Cash Inflow from Operating Activities | <u>\$215,718</u> | <u>\$538,610</u> |

DIRECTORY

Trustees

G L Alexander (Chairman)
P J Farley
G L Johnson
G M Milner
E R Revington (retired 4 July 2006)
S J Smail
B I Wilson
J J Martin (appointed 4 July 2006)

Management

D N Smart (General Manager)
J S Hall (Secretary)

Postal address

PO Box 800
GISBORNE

Auditor

McCullochs
PO Box 169
GISBORNE

Bankers

Westpac
Gisborne Branch
PO Box 942
GISBORNE

Solicitors

Nolans
PO Box 1141
GISBORNE