



Eastern & Central
**COMMUNITY
TRUST**

Helping fund a better community

AUDIT & RISK COMMITTEE MEETING

4:00pm Thursday, 25 March 2016
Eastern & Central Community Trust Board Room

**THE AGENDA FOR A MEETING OF THE A & R COMMITTEE OF THE EASTERN AND CENTRAL
COMMUNITY TRUST INC., TO BE HELD AT THE TRUST'S OFFICE, ON THURSDAY 25TH FEBRUARY
COMMENCING AT 4:00 P.M.**

Ring 08 30 33, then on voice prompt enter the PIN 333352 followed by the hash key.

SECRETARIAL AND COMMITTEE ADMINISTRATION ITEMS

1. Welcome and Apologies
2. Draft Minutes of the A & R Committee Meeting held January 28th 2016 : [pages 3-7](#)
3. Matters arising and action items: [pages 8-9](#)

OPERATIONAL REPORTS TO THE COMMITTEE

4. General Managers Report to the Committee: [pages 10-12](#)

FINANCIAL INFORMATION PAPERS

5. Dashboard Report to 31st January 2016 : [pages 13-24](#)
6. Summarised Financial Position & Financial Performance YTD:
7. Hedging Report: [pages 25-33](#)
8. Draft Budget 2016/17: [pages 34-37](#)
9. Summarised Fund Manager Reports: [pages 38-56](#)

COMMITTEE DECISION PAPERS

10. Auditor Engagement Letter: [pages 57-68](#)
11. Audit Plan Update: [pages 69-79](#)

COMMITTEE INFORMATION PAPERS

12. Risk Register Project Update: [pages 80](#)
13. General Business

Close of Meeting

Next meeting: Wednesday 30th March 12:00pm. Audit Meeting with Auditor.

Report type:	Secretarial and Committee Administration Items
Recommendation:	The Committee considers the Minutes of the Audit & Risk Committee Meeting held on 28 th January 2016 and approves as a true and accurate record of the meeting.
Agenda item no:	2
Subject:	Minutes of the Audit & Risk Committee Meeting held on 28 th January 2016
Responsible for the report:	Trust Secretary

Purpose of report:	To record the recommendations of the Committee from the Audit & Risk Meeting, including decisions taken, and to approve the minutes from 28 th January 2016 as a true an accurate record of the meeting.
---------------------------	---

**MINUTES FOR THE MEETING OF THE AUDIT & RISK COMMITTEE OF THE
EASTERN AND CENTRAL COMMUNITY TRUST INC.,
HELD IN THE MEETING ROOM, 1ST FLOOR, WESTERMAN'S BUILDING,
102-104 RUSSELL STREET SOUTH, HASTINGS,
ON THURSDAY 28TH JANUARY 2016, COMMENCING AT 12.30 PM.**

PRESENT:

Shelly Mitchell-Jenkins (Chair), Caren Rangi, Stephen Kerr, Mark Kilmister
Jonathan Bell (General Manager) and Kelie Jensen (Trust Secretary)
Stuart Signal (Auditor)

AUDIT PLAN AND ENGAGEMENT LETTER

1. Audit Plan

- Auditor, S Signal, advised that he met with audit staff yesterday and will submit documentation and a plan based on the same schedule as last year at the Feb Committee Meeting.

2. Engagement Letter

- The Engagement Letter will also be presented at the Feb Committee Meeting.
- S Signal noted the downturn in the financial markets; also discussed the new PBE Reporting Framework and the report received from RSM, and supports Tier 2 reporting for the Trust.

Caren Rangi arrived 12.35pm.

- S Signal suggested ECCT prepare draft Financial Statements using the 2015 accounts under the new Tier 2 reporting rules and auditors will review.
- The Committee asked for timeline for the audit and noted that timeliness is important; also noted that as the Committee is new, being as inclusive as possible with the full Board during the audit process is also important. S Signal noted that it will be a new audit team – staff from last year are no longer with the company. Draft Timeline is:
 - Week of Feb 11th – staff member in for pre-planning.
 - Thu Feb 25th Committee Meeting – present audit plan.
 - May 2nd – expect that accounts will be available for audit. The Committee Chair noted that these will actually need to be available in time for the A&R Committee meeting in April. **ACTION ITEM**
 - May 3rd-16th – audit, with audit report available for the May 26th Trust Meeting. The Committee Chair noted that Trustees will ideally see the audit report approx. 10 days before the Trust Meeting. S Signal and the GM clarified that the auditor will formally present the audit report to the A&R Committee on May 26th, the Committee then makes a recommendation to the Board to approve the report at the Trust Meeting on the same day – this is the same process as last year.
- S Signal noted that the delay last year was around accounting for the Private Equity investment; also custodian reports were late. The GM to seek advice from RSM Audit around the issue of valuing Private Equity investment. **ACTION ITEM** S Signal also noted that this year the main and summary accounts should be available for audit at the same time.
- S Signal asked Committee members whether they see any risks in relation to the financial reporting. Trustees identified concern around robustness of Public Trust / custodian system and timeliness of reporting. The GM noted improved timeliness in this

reporting; the GM also to follow up with Public Trust to confirm what is planned re system upgrade that was supposed to happen in 2015. **ACTION ITEM**

- The Committee Chair asked S Signal to confirm what work the auditors carry out around internal control systems as Trustees have had discussions around internal audit responsibility. Auditors are obliged to look at internal systems – the focus in this case is principally on controls over donations and payments, not over investments; Trustees would expect to see comments from the auditors should they identify any weaknesses in internal controls.
- The Committee Chair noted that it would be helpful if local Trustees could be present in person for the Feb Meeting. Also, S Signal will circulate the plan to Trustees in advance of the Meeting. **ACTION ITEM**

SECRETARIAL AND ADMINISTRATION ITEMS

3. Apologies

3.1 RESOLUTION

The Committee resolved to accept an apology from Geoff Milner.

S Mitchell-Jenkins/S Kerr

CARRIED

4. Draft Minutes of the Audit & Risk Meeting held on 18th December 2015

The Committee noted that minutes from the last meeting were received later than preferred. The Committee asked that these be prepared for checking by the Chair within one week of the meeting.

4.1 RESOLUTION

The Committee resolved to approve the minutes of the meeting held on 18th December 2015 as a true and accurate record of the meeting.

S Kerr/C Rangi

CARRIED

5. Matters Arising and Action Items

Matters Arising:

- Page 8, #12 – Reporting for \$2M cash returned from Elevation Capital: There was some disagreement in the Committee around where this \$2M should be reported – does it remain on Elevation Capital's reports? The GM to clarify. **ACTION ITEM**
Committee members also reiterated their disappointment in the performance of Elevation Capital, particularly re under-utilised cash. The Committee Chair noted that this point has been raised previously and will be raised by M Chamberlain and the GM during the performance review of Elevation Capital; Committee members to please e-mail to the GM any questions they would like asked of Elevation Capital during the review. **ACTION ITEM** Essentially what we need is "with time under their belt, can they give us the assurance that their management of our funds is beneficial to us?".
- Page 8, #14 – Private Equity % in Asset Allocation Table: Status is "Completed" but the table still shows 0%. The GM to correct number formatting to show the actual amount less than 1% **ACTION ITEM**
- Page 8, #10 & 13: Both items "Pending" – the GM responded that Committee members can expect completion before the Feb Committee Meeting. **ACTION ITEM**

- Page 8, #15 – Ethical Investing: Noted that the Board Agenda for the Jan Meeting was full, so this item was not included. Committee Members clarified that the question is less around ethical investing and more around the risk of having 10% of Elevation Capital's portfolio in one industry, namely Tobacco.

COMMITTEE INFORMATION PAPERS

6. PBE Reporting Requirements

- The Committee supports the proposed recommendation to the Board that the Trust adopt Tier 2 reporting. The auditor – Stuart Signal also supports this recommendation.
- Noted that reporting requirements will mean reduced disclosure around investments.
- Next step is for the GM to work with A Arcus to take last year's financials and re-draft the notes based on the new requirements. The GM would like support from S Kerr to review the proposed changes before presenting (with track changes) to the Committee and auditor – S Signal, at the Feb Committee Meeting. **ACTION ITEM**
- The Committee Chair also noted that the Summary Accounts should be included as part of this process.

6.1 RESOLUTION

The A & R Committee recommends to the Board that the Trust elects to provide financial reporting in accordance with Tier 2 reporting standards.

S Mitchell-Jenkins/C Rangi

CARRIED

7. Risk Register Summary

- The Committee Chair and C Rangi have been working on the Risk Register to improve monitoring of risks. First step has been to review and consolidate elements of the current Risk Register and link this to the Strategic Plan.
- Next steps are to:
 - 1) Determine whether the risks are still appropriate, whether any are missing etc.
 - 2) Score each risk, which will facilitate a monthly colour-coded report from the GM. Intention is that this will allow the Committee to assess quickly and simply, if / where risks have increased and whether any action is required.
 - 3) Create a schedule to assess each category on the Risk Register in more detail on an annual basis.
- The Committee Chair and C Rangi to continue this process and present the proposed scoring method at the Feb Committee Meeting. **ACTION ITEM**

8. Work Plan Update

- The Committee Chair sought input on the draft document from the Committee. The draft has been developed from review of the Terms of Reference and expanding on how the Committee delivers on these. The objective being to put structure around the responsibilities / duties of the Committee.
- Two main areas for discussion:
 - 1) Process for review / reappointment of external auditor: Need to clarify the process and follow it – eg: do we reappoint at the AGM as the process currently suggests? The GM to confirm the period remaining on the current contract and advise the Committee. **ACTION ITEM** Noted that the current

process allows the auditor to provide feedback to the Trust, but not for the Trust to give feedback on audit performance – suggest a simple questionnaire that both parties complete and follow up with a dialogue. The Committee also raised concerns over the potential for an increased audit fee as a result of new audit staff – this should not be the Trust's cost. .

- 2) Committee's responsibility around internal controls: What level does the Committee recommend on this? Some other trusts have sought proposals for internal audit, but not sure that we need this; The Committee and Trustees need to show that we are doing our job in this area and that includes discussion with the auditors about the assurance they provide in this area. This Committee also has responsibility to review that the Trust has appropriate policies and procedures. The GM noted that he and staff have recently gone through an extensive exercise of process mapping to identify processes, policies etc that are missing or require improvement. Also all related to review of the Governance Charter, which is on the Trust Agenda later today.
 - Please keep development of the Work Plan item on the A&R Agenda for the next few meetings. **ACTION ITEM** Suggestion that another column be added to reference #'s in the Terms of Reference; also to include what the follow up is at full Board level. **ACTION ITEM** The GM noted that K Jensen could potentially assist with this work.

9. General Business

- Nil

10. Close of A&R Committee Meeting

Next A&R Meeting (expect draft notes to the accounts from the GM, as well as audit plan and Engagement Letter from S Signal) will be held on Thursday 25th February at 3.00pm.

There being no further business, S Mitchell-Jenkins closed the meeting at 1.45pm.

[Back to
agenda](#)

Report type:	Secretarial and Committee Administration Items
Recommendation:	The Committee receives the Action Plan from the previous Audit & Risk Committee Meeting dated 28 th January 2016
Agenda item no:	3
Subject:	Audit & Risk action items and matters arising progress report
Responsible for the report:	General Manager

Purpose of report:	To ensure that assigned tasks are monitored and completed.
---------------------------	--

A & R COMMITTEE ACTION PLAN

Meeting Date; 28th January 2016

#	ACTION	WHO	WHEN	STATUS
1	Add amended Trustee exit interview strategy to plan and charter	Jonathan	At Governance Charter Review	Pending
2	Review Fund Managers Contracts	Jonathan	Sept	Part of Annual Review due March/April 2016
3	Elevation Capital – Holding more cash than mandate	Jonathan & MCA	Mar/Apr	To be discussed at Annual Review in Mar/Apr
4	Request Schedule of dividend payments from Public Trust	Jonathan	Feb	Pending
5	ECCT needs income as well as gains in the portfolio – emphasise to Fund Managers	Jonathan	March	Part of review process
6	ECap \$2mill which is now being managed by ECCT still needs to sit on their reports. GM to clarify	Jonathan	Feb	GM would like clarification
7	NZ Bonds – Ask Michael Chamberlain the general question “Is the allocation of NZ bonds where you would have it?”	Jonathan	Feb	GM Report
8	Ethical Investment – Add to January Board meeting as an agenda item	Jonathan	Jan	Agenda item for Strategic Retreat in June
9	GM to seek advice from RSM Audit on valuing Private Equity Investment	Jonathan	March	Requested proposal from RSM
10	Public Trust Custodial Letters and System update – GM to inquire	Jonathan	ASAP	Custodial report provide System update GM Report
11	Audit Plan to be provided Committee prior to Feb Meeting	Jonathan	Feb	Feb Agenda Item
12	Committee members to email Jonathan with any questions they would like raised with Elevation Capital for their review	Trustees	March	Pending
13	Private Equity percentage in Asset Allocation table to be amended	Jonathan	Feb	Completed
14	Drafting of new Notes for the Financial Statements	Jonathan & Andy	Feb	Meeting planned Friday 19 th Feb
15	Risk Register Matrix development – Update to be reported at the Feb meeting	Shelly & Caren	Feb	Feb Agenda Item
16	Auditor – Confirm term for current Auditor	Jonathan	Feb	In GM Report

Report type:	Operational Reports to the A & R Committee
Recommendation:	<p>The A & R receives and accepts</p> <ol style="list-style-type: none">1. The Financial Report for the period to 31st January 20162. The General Manager's report for the period to 18th 2016.
Agenda item no:	
Subject:	General Manager's Report to the A & R Committee
Responsible for the report:	Jonathan Bell

Purpose of report:	<p>To inform the A & R Committee of progress and/or exceptions to the achievement of the 2015/16 Business Plan (inclusive of key Financial performance measures to 31st January 2016), and other KPI's to 18th January 2016. To flag any items of risk for the Board and to flag any other items of significance to the Board.</p>
---------------------------	---

GENERAL MANAGERS REPORT JANUARY 2016

1.0 Executive Summary

Since the last Trust meeting the following points are noted;

1. Global markets have remained in a state of uncertainty however our portfolio maintained its value.
2. Public Trust have provided a custodial report which has been forwarded to our Auditors, all reports have now been received.

2.0 Financial Performance

2.1 Dashboard

The number of red lights has reduced since our last meeting replaced by some amber ones instead, however they still dominate the dashboard. Key comments to note are;

2.2 Balance Sheet

- Elevation Capital equities accounted for 80% of the increase in our portfolio for the month.
- All other investments remained static.
- YTD our portfolio has increased by approximately \$3 million.

2.3 Income

- Realised income for the month was behind budget by \$247k.
- Income YTD is behind budget by \$720k. It is hard to see the next two months making up this deficit. This combined with the hedging contract pay-out is impacting on our cash flow.
- I have asked Public Trust for a report outlining future forecast payments from our equities portfolio. David Campbell believes he can produce that.
- Unrealised income is \$1.8 million, compared to this time last year it was \$12.8 million.

2.4 Expenses

- Expenses for the month were slightly lower than budgeted.
- YTD expenses are under budget by \$48k. The removal of the brokerage fees is now giving us a true picture of operating costs.
- **Overall income is tracking ahead of budget (after removing the hedging payment) and expenses are slightly under budget.**

2.5 Distributions

- Total donations approved YTD are behind budget by \$121k. This was \$229 in November so the variance is closing.
- We have had \$351k of write backs making our net distributions for the year \$473k behind budget.
- We seem to be getting fewer applications by number but the value applied for is higher.

2.6 Hedging

- The BNZ hedging position for End of January is included showing a payment to BNZ of \$1.48m.
- MCA Hedging report shows the position at the 15th Feb to be a payment of \$838k.
- The dollar is currently strengthening against currencies and we would hope that the currency position will improve by the time we close out the contract on the 18th of March.

2.7 Capital Base

- The capital base graphs are attached.

- The value of the assets has remained about the same as the previous month.

2.8 Risk Register

- This is an agenda item for discussion.

3.0 Action Plan

The action plan is attached and the following comments are made;

#4 – Requested from Public Trust

#6 – I believe the \$2mill from ECap should be included in our self managed funds, not reported in the Balance Sheet under E Cap

#7 – I have asked this question of Michael. He has responded by saying that the question is more around are we comfortable with our exposure to Bonds within our portfolio, and then where those bonds should be placed. Current returns for Global Bonds are 6.1% which is higher than our NZ Bonds portfolio. This needs to be a discussion at our Strategic Retreat in June.

#8 – Agenda item for our Strategic Retreat.

#13 – I note that the table has not been updated since 25th Jan 2013, I will discuss with Michael and align with our mandate and SIPO for the March meeting of the Board.

#16 – The current Auditor has been appointed to Financial Year End 2017. We will need to discuss the options for going to market at the end of this Calendar year.

4.0 Financial Reporting 2016 and Beyond

Andy and I have begun working on the Financial Notes for the YE 2016. Once we have a first draft we will forward to Stephen Kerr (and any other committee members if they wish) for comments.

5.0 HR

- There is nothing that needs to be brought to the attention of the A & R Committee.

6.0 Draft Budget 2016/17

- The first cut of the draft budget is included in the papers.
- Assumptions are on the third page or the cover sheet.

7.0 Other



















- MCA – Community Trust of Southland has reviewed their Funds Advisor and has decided to replace Michael Chamberlain with AON Hewitt. I will be speaking to John Prendergast early next week to in out the reasoning behind their decision. I do know that Mid & South Canterbury Community Trust are happy with MCA but have concerns about him being a one man band.

Jonathan Bell
General Manager
18th January 2016

Report type:	Financial Information Papers
Recommendation:	The Committee notes the financial position, financial performance and asset allocation as at 31 st January 2016.
Agenda item no:	5 to 6
Subject:	Financial Reports
Responsible for the report:	General Manager











Purpose of report:	To inform the Committee of where the funds of the Board are invested, the current asset allocation and to compare performance against budget and agreed benchmarks.
---------------------------	---

ECCT MONTHLY FINANCIAL REPORTING DASHBOARD

<u>Month End</u>	<u>Comparison Current Month to Budget</u> 31st January 2016			<u>Comparison YTD to Budget</u> 31st January 2016		
	Actual (000's)	Budget (000's)		Actual (000's)	Budget (000's)	
Total Realised Income	\$ 0.389	\$ 0.636		\$ 6.155	\$ 6.875	
Total Operating Expenses	\$ 0.095	\$ 0.111		\$ 1.355	\$ 1.403	
Net Disposable Investment Income	\$ 0.294	\$ 0.525		\$ 4.800	\$ 5.472	
Donations Approved	\$ 0.762	\$ 0.645		\$ 4.936	\$ 5.056	
Donations Written Back	\$ 0.001	-\$ 0.001		-\$ 0.352	\$ -	
Surplus After Donations	-\$ 0.467	-\$ 0.121		\$ 0.217	\$ 0.416	
Less Brokerage Fees	-\$ 0.011	\$ -		-\$ 0.233	\$ 0.020	
Hedging Gain/Loss	\$ -	\$ -		-\$ 1.367	\$ -	
Unrealised Income	\$ 0.076	\$ -		\$ 1.247	\$ -	
Surplus Income	-\$ 0.403	-\$ 0.121		-\$ 0.136	\$ 0.396	

For commentary please


see GM's Report

<u>Investments</u>	<u>Dec 31 Value</u>	<u>Jan 31 Value</u>	<u>Monthly Change</u> (000's)		<u>YTD Change</u> (000's)		<u>March 31st 2015 Value</u> (000's)
Equity F Barr	55,484	55,531	47		3,304		52,227
Equity E Capital	46,023	47,243	1,220		- 1,023		48,266
NZ Bonds	37,257	37,530	273		- 2,593		40,123
O'Seas Bonds	17,899	17,899	0		2,406		15,493
Own Cash	6,500	6,500	0		1,000		5,500
Total	164,703	164,703	1,540		3,094	Total	161,609

Complaints

Nil

Nil

	Value increased or ahead of budget
	No change
	Value decreased or behind budget

Eastern & Central Community Trust
Statement of Financial Position
As at 31 January, 2016

	Actual	Last Year
<u>Trust Funds</u>		
Surplus Income	(136,275)	14,085,026
General Reserves	162,332,729	148,247,703
Total Trust Funds	162,196,454	162,332,729
<u>Current Assets</u>		
Petty Cash	105	5
Current	203,446	387,548
Imprest	237	661
Call	226,575	883,957
Conference Current 2016	8,975	15,826
Sundry Debtors	24,519	34,538
Total Current Assets	463,857	1,322,535
<u>Investment Assets</u>		
New Zealand		
Shares Forsyth Barr	55,531,158	52,227,000
Shares Elevation Capital	47,243,039	48,266,473
Hedging Contracts NZ	(1,480,864)	804,112
Cash Self Term Deposits	6,500,000	5,500,000
Bonds Self	37,530,585	40,123,905
Te Kete Putea Ltd Partnership	72,525	72,525
Private Equity Pioneer Capital	1,075,327	674,547
Total New Zealand Investments	146,471,770	147,668,562
Overseas		
Bonds Pimco	17,899,165	15,493,498
Total Overseas Investments	17,899,165	15,493,498
Total Current and Investment Assets	164,834,791	164,484,595
<u>Fixed Assets</u>		
Fixed Assets at Cost	192,513	188,447
Accumulated Depreciation	(165,959)	(154,986)
Total Fixed Assets	26,554	33,461
Total Assets	164,861,345	164,518,056
<u>Current Liabilities</u>		
Donation Creditors	2,495,900	1,939,042
Trade Creditors	97,652	167,639
Creditor Accruals	71,340	78,646
Total Current Liabilities	2,664,892	2,185,327
Net Assets	162,196,454	162,332,729

EASTERN & CENTRAL COMMUNITY TRUST
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE 10 PERIODS ENDING 31 January 2016

<u>Income</u>	<u>Actual</u>	<u>Current Month</u>	<u>Last year</u>	<u>Actual</u>	<u>Year To Date</u>	<u>Last year</u>	<u>Full Year</u>	
		<u>Budget</u>			<u>Budget</u>		<u>Budget</u>	<u>Last Year</u>
<u>Realised Investment Income</u>								
Shares FBarr Interest	1,579	400	569	28,884	6,600	7,508	7,000	16,585
Shares FBarr Dividend	61,814	185,000	160,707	1,532,084	1,805,000	1,559,788	1,968,750	1,753,015
Shares ECap Interest	465	800	4,896	28,901	6,000	45,796	7,000	55,278
Shares ECap Dividend	99,476	120,000	128,000	1,650,243	1,705,000	1,751,323	1,848,750	1,930,085
Bonds Self Interest	72,178	90,000	80,821	2,004,715	2,220,000	2,155,123	2,400,000	2,538,995
Cash Self Realised Income	19,130	27,000	27,884	209,845	282,000	340,645	336,000	387,870
Sundry Income	0	0	0	170	170	170	170	170
	<u>254,640</u>	<u>423,200</u>	<u>402,879</u>	<u>5,454,843</u>	<u>6,024,770</u>	<u>5,860,352</u>	<u>6,567,670</u>	<u>6,681,998</u>
<u>Overseas</u>								
Shares SSAG Dividend	0	0	0	0	0	7,823	0	7,823
Bonds Fimco Interest	134,249	212,500	0	700,336	850,000	999,679	850,000	999,679
	<u>134,249</u>	<u>212,500</u>	<u>0</u>	<u>700,336</u>	<u>850,000</u>	<u>1,007,503</u>	<u>850,000</u>	<u>1,007,503</u>
<u>Total Realised Investment Income</u>	<u>388,890</u>	<u>635,700</u>	<u>402,879</u>	<u>6,155,178</u>	<u>6,874,770</u>	<u>6,867,855</u>	<u>7,417,670</u>	<u>7,689,501</u>
<u>Expenses</u>								
<u>Administration Expenses</u>								
Advertising- Statutory	0	0	0	40,646	17,000	13,411	17,000	13,411
Promotion	258	1,000	938	24,059	56,000	19,341	70,000	54,513
Rent & Services	7,982	9,000	8,321	91,473	99,000	94,611	115,000	109,577
Telephone	1,201	1,000	1,108	12,208	12,000	11,849	14,000	14,030
Postage	86	580	559	2,799	3,300	2,914	4,000	3,536
KiwiSaver Net Contributions	622	1,350	1,548	13,609	14,250	14,452	17,000	18,431
Printing & Stationery	636	2,400	2,151	9,438	11,800	10,074	14,000	11,884
Insurance	0	0	0	5,387	6,000	8,707	6,000	7,851
General Expenses	133	400	439	2,517	3,060	2,473	4,000	4,720
Computer Services	642	1,000	322	71,570	75,100	70,048	80,000	67,252
Staff Remuneration	25,313	36,000	42,894	359,899	370,500	386,155	450,000	482,611
Staff Training	0	0	0	2,347	6,000	884	8,000	2,034
Staff Travel	291	1,500	476	18,286	26,000	15,396	30,000	18,728
AccLevies	0	0	0	1,660	1,500	-544	1,500	-544
	<u>37,164</u>	<u>54,230</u>	<u>58,755</u>	<u>655,897</u>	<u>701,510</u>	<u>649,770</u>	<u>830,500</u>	<u>808,035</u>

	<u>Current Month</u>			<u>Year to Date</u>			<u>Full Year</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Last Year</u>	<u>Actual</u>	<u>Budget</u>	<u>Last Year</u>	<u>Budget</u>	<u>Last Year</u>
Trustee Expenses								
Trustee Remuneration	6,588	13,400	13,177	138,357	141,100	138,357	175,000	171,300
Meeting Expenses	2,195	2,000	1,933	52,751	47,500	44,247	58,000	53,873
Trustee Training	0	2,000	0	1,405	12,000	1,731	12,000	1,731
Liability Insurance	0	0	0	10,034	10,000	9,537	10,000	9,537
	8,784	17,400	15,110	202,547	210,600	193,872	255,000	236,440
Fee Expenses								
Affiliation Fees	0	0	0	6,325	7,500	6,325	7,500	6,325
Conference Fees	0	5,000	0	16,719	10,000	0	20,000	-960
Donation Expenses	0	2,000	0	7,794	26,700	18,389	30,000	24,015
Professional Expenses	8,621	7,000	7,497	66,151	78,000	70,761	90,000	89,841
Audit Fees	1,900	0	5,086	12,103	20,000	19,486	20,000	29,205
Custodian Fees	3,885	3,800	5,139	48,020	34,500	36,383	41,000	49,050
Fund Management Fees	33,564	20,000	18,715	328,363	303,000	287,531	370,000	379,101
	47,970	37,800	36,436	485,475	479,700	438,874	578,500	576,577
Depreciation	952	1,100	1,475	10,973	11,000	14,974	13,200	17,289
Amortisation	0	0	0	0	0	0	16,000	18,131
Profit/Loss on Disposal of Fixed Assets	0	0	0	0	0	0	0	248
	952	1,100	1,475	10,973	11,000	14,974	29,200	35,668
Total Operating Expenses	94,870	110,530	111,776	1,354,893	1,402,810	1,297,491	1,693,200	1,656,721
Net Disposable Investment Income	294,020	525,170	291,103	4,800,286	5,471,960	5,570,364	5,724,470	6,032,780
Donations								
Community Donations								
Special Donations	594,900	340,000	441,000	2,567,600	2,646,000	2,160,950	2,970,000	2,607,349
Standard Donations	166,700	265,000	284,815	1,684,560	1,630,000	1,834,893	1,900,000	2,040,973
Discretionary Donations	0	0	0	0	18,000	14,143	20,000	25,143
Education Initiatives	0	40,000	0	93,500	172,000	92,500	200,000	92,500
Sports Trusts	0	0	0	340,000	340,000	320,000	340,000	320,000
Summer Reading Programme	0	0	0	250,000	250,000	230,000	250,000	230,000
Total	761,600	645,000	725,815	4,935,660	5,056,000	4,662,486	5,680,000	5,315,965

	<u>Current Month</u>			<u>Year To Date</u>			<u>Full Year</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Last Year</u>	<u>Actual</u>	<u>Budget</u>	<u>Last Year</u>	<u>Budget</u>	<u>Last Year</u>
Regional Project Reserve Fund	0	0	0	0	0	0	0	0
Less Donation Written Back	-500	0	0	-351,868	0	-108,551	0	-148,424
	761,100	645,000	725,815	4,583,792	5,056,000	4,543,935	5,680,000	5,167,541
Surplus From Investment Income After Donations	-467,080	-119,830	-434,712	216,493	415,960	1,026,429	44,470	865,239
<u>Realised Non Investment Income/ Expenditure</u>								
New Zealand								
Shares FBarr Disposal Gain/Loss	0	0	0	0	0	0	0	0
Shares ECap Disposal Gain/Loss	0	0	0	0	0	0	0	0
Property NZ Disposal Gain/Loss	0	0	0	0	0	0	0	0
Brokerage Fees	-11,017	0	0	-232,622	-20,000	-19,407	-25,000	-57,894
Hedging Gain/Loss	0	0	0	-1,367,358	0	-129,445	0	-323,160
Bonds Disposal Gain/Loss	0	0	0	0	0	-2,079	0	-2,079
	-11,017	0	0	-1,599,979	-20,000	-150,931	-25,000	-383,134
<u>Unrealised Investment Income</u>								
New Zealand								
Shares FBarr Change in Currency	1,996,714	0	2,091,121	5,619,405	0	3,742,682	0	1,606,016
Shares FBarr Change in Value	-1,913,346	0	1,171,740	-2,086,103	0	4,675,986	0	6,488,180
Shares ECap Change in Currency	1,822,081	0	2,081,682	5,280,801	0	4,333,460	0	2,248,373
Shares ECap Change in Value	-593,403	0	944,490	-4,278,838	0	1,468,661	0	2,457,131
Hedging Change in Value	-1,452,049	0	-1,545,184	-2,780,021	0	-2,327,267	0	-548,878
Bonds Self Change in Interest	118,538	0	201,840	12,559	0	652,481	0	676,872
Bonds Self Change in Value	92,297	0	130,685	26,905	0	253,200	0	208,884
	70,831	0	5,076,375	1,794,707	0	12,799,202	0	13,136,577
Overseas								
Bonds Ftmoo Change in Value	4,708	0	227,085	-547,497	0	313,074	0	466,343
	4,708	0	227,085	-547,497	0	313,074		466,343
	64,523	0	5,303,460	-352,769	-20,000	12,961,345	-25,000	13,219,787
	-402,557	-119,830	4,868,747	-136,275	395,960	13,987,774	19,470	14,085,026

Committment Schedule

31 January 2016

<u>Client</u> <u>Number</u>	<u>Client Name</u>	<u>Request</u> <u>Number</u>	<u>Date</u> <u>Approved</u>	<u>Balance</u> <u>Remaining</u>
Eastern And Central				
7,038	Te Whare Whai Matauranga o Turanga Literacy House Tr	23333	23-Jan-14	4,000.00
1,826	Pahiatua Railcar Society Inc	23338	23-Jan-14	20,000.00
6,296	Matapuna Trust	23515	22-May-14	20,000.00
1,463	Gisborne Hospital Child Care Society Inc	23545	22-May-14	3,500.00
5,593	Marotiri Kohango Reo	23553	22-May-14	3,500.00
6,099	Taokotaiana Apii Kuki Airani Hastings Inc	23601	22-May-14	3,500.00
7,339	Parent Teachers Association Feilding High School	23763	24-Jul-14	1,000.00
1,377	Eskdale School	23685	25-Sep-14	49,000.00
297	South City Playcentre	23844	25-Sep-14	3,500.00
1,126	Waimarama Surf Life Saving Club	23777	27-Nov-14	30,000.00
7,576	Cross Creek Railway Society Incorporated	23802	27-Nov-14	15,000.00
6,512	Hawke's Bay Regional Sports Park Trust	23986	27-Nov-14	60,000.00
4,321	South Wairarapa District Council	24151	26-Mar-15	200,000.00
7,403	New Zealand Red Cross	24182	26-Mar-15	6,000.00
1,200	Young Men's Christian Assn - Gisborne Inc	24176	28-May-15	20,000.00
818	Palmerston Nth Boys' High School	24227	28-May-15	30,000.00
1,613	Kowhai Special School	24234	28-May-15	20,000.00
7,672	Study to Succeed - Tongan Homework Club	24248	28-May-15	3,000.00
3,361	Vintage Car Club - Horowhenua Branch	24251	28-May-15	2,000.00
1,828	Pahiatua School	24282	28-May-15	5,000.00
6,274	Totara Trust - Horowhenua	24302	28-May-15	4,000.00
5,898	Shear History Trust	24377	30-Jul-15	30,000.00
7,320	Petane Marae	24383	30-Jul-15	51,500.00
4,174	Tauparanui Ki Heretaunga Te Kohanga Reo	24432	30-Jul-15	3,500.00
803	Pahiatua Community Services Trust	24466	30-Jul-15	4,000.00
574	Keirunga Gardens Arts and Crafts Society Inc	24298	24-Sep-15	20,000.00
3,052	Horowhenua District Council	24374	24-Sep-15	170,000.00
7,705	Te Hau ki Turanga Trust	24489	24-Sep-15	50,000.00
1,899	Riding for the Disabled - Gisborne Branch	24508	24-Sep-15	10,000.00
537	Hohepa Homes Trust Board	24532	24-Sep-15	18,000.00
7,514	Greytown Menz Shed Inc	24555	24-Sep-15	17,500.00
5,318	The Palmerston North Squash Club Incorporated	24556	24-Sep-15	25,000.00
4,061	Wairoa District Heritage and Museum Trust	24558	24-Sep-15	20,000.00
6,012	Sustaining Hawke's Bay Trust	24562	24-Sep-15	15,000.00
6,383	Horizons Regional Council	24563	24-Sep-15	20,000.00
5,902	Martinborough Lawn Tennis Club	24573	24-Sep-15	35,000.00
3,049	Horowhenua Agricultural Pastoral & Industrial Assn	24610	24-Sep-15	20,000.00
7,715	Carterton Community Courthouse Trust	24457	26-Nov-15	20,000.00
4,997	Whiti Te Ra Marae Maori Reservation	24509	26-Nov-15	3,100.00
6,876	Manawatu Community Trust	24530	26-Nov-15	80,000.00
7,729	Wildbase Recovery Community Trust	24545	26-Nov-15	250,000.00
6,906	Hospice Wairarapa Community Trust Board	24550	26-Nov-15	40,000.00
1,093	The Salvation Army New Zealand Trust	24560	26-Nov-15	80,000.00
2,662	Central Hawke's Bay Agricultural & Pastoral Society	24643	26-Nov-15	10,000.00
7,750	Tairāwhiti Softball Association Inc	24645	26-Nov-15	25,000.00
634	Mana Tamariki Incorporated Society	24649	26-Nov-15	2,000.00
2,324	Sacred Heart College, Napier	24650	26-Nov-15	4,000.00
7,751	The Tapestry Trust of New Zealand	24652	26-Nov-15	2,500.00
703	Scout Association - Milson Scout Group	24655	26-Nov-15	3,500.00
7,764	Opiki Hall Society Inc	24671	26-Nov-15	8,500.00

<u>Client</u>		<u>Request</u>	<u>Date</u>	<u>Balance</u>
<u>Number</u>	<u>Client Name</u>	<u>Number</u>	<u>Approved</u>	<u>Remaining</u>
1,314	Central Connect Whare Manaaki Inc	24679	26-Nov-15	2,000.00
1,127	Wainui Beach School	24689	26-Nov-15	3,000.00
232	Citizens Advice Bureau - Wairoa	24694	26-Nov-15	2,500.00
6,952	EnsembleImpact Educational Trust	24695	26-Nov-15	2,000.00
1,840	Palmerston Nth Women's Refuge Inc	24696	26-Nov-15	18,000.00
4,271	IISOB Sports Club Inc - Gisborne	24697	26-Nov-15	15,000.00
5,711	Gisborne Free Kindergarten Association Inc	24699	26-Nov-15	15,000.00
2,332	Frimley Park Kindergarten	24703	26-Nov-15	3,500.00
3,106	Kuranui College	24710	26-Nov-15	12,700.00
647	Manawatu Rugby Union Inc	24711	26-Nov-15	15,000.00
240	Cobblestone Trust	24717	26-Nov-15	12,000.00
7,769	Lions Club of Gisborne Wainui Inc	24723	26-Nov-15	50,000.00
7,610	Active Minds Aotearoa	24724	26-Nov-15	10,000.00
3,253	Masterton Savage Club Inc	24728	26-Nov-15	4,000.00
3,191	Manawatu Pony Club Inc	24738	26-Nov-15	4,000.00
7,771	Havelock Ski Club Inc	24743	26-Nov-15	10,000.00
7,588	Equippers Napier Trust	24752	26-Nov-15	1,500.00
2,639	Campion College	24764	26-Nov-15	5,000.00
4,750	Gisborne Land Search and Rescue Charitable Trust	24766	26-Nov-15	4,000.00
6,607	Hawke's Bay Road Safety Compliance Trust	24776	26-Nov-15	4,000.00
1,182	Whakarongo School	24561	28-Jan-16	20,000.00
6,554	Pahiatua On Track Inc	24640	28-Jan-16	50,000.00
7,628	Menz Shed Napier Trust	24665	28-Jan-16	20,000.00
4,365	Napier City Council	24712	28-Jan-16	200,000.00
5,871	Ngati Kahungunu Runanga Arts & Culture Trust	24762	28-Jan-16	20,000.00
5,476	Horowhenua Kapiti Cricket Association Inc	24768	28-Jan-16	18,000.00
3,517	Red Kiwi Orienteering Club	24778	28-Jan-16	3,000.00
2,570	Alzheimers Disease & Related Dementia Soc.Wairarapa	24781	28-Jan-16	4,000.00
723	Napier Family Centre Inc	24782	28-Jan-16	4,000.00
7,778	Hawke's Bay Youth Trust	24783	28-Jan-16	4,000.00
1,076	Heretaunga Croquet Club Inc	24784	28-Jan-16	24,900.00
6,704	Christian Fellowship for Disabled Hawke's Bay	24785	28-Jan-16	3,000.00
4,214	Events Manawatu Trust Board	24786	28-Jan-16	2,000.00
2,640	Gisborne & East Coast Cancer Centre Trust	24787	28-Jan-16	4,000.00
2,889	Gisborne Gymnastics Club Inc	24788	28-Jan-16	4,000.00
1,387	Johnston Park Bowls Inc	24789	28-Jan-16	4,000.00
3,134	Levin Swimming Club Inc	24790	28-Jan-16	1,000.00
3,418	Pahiatua Bowling Club Inc	24791	28-Jan-16	1,800.00
5,903	Tairāwhiti Community Law Trust	24792	28-Jan-16	4,000.00
2,246	Tamatea Primary School	24793	28-Jan-16	10,000.00
1,650	Alzheimers Society Napier Inc	24794	28-Jan-16	17,000.00
5,160	United Cricket Club Incorporated	24795	28-Jan-16	1,800.00
4,395	Asthma & Respiratory Hawke's Bay Services Trust	24796	28-Jan-16	4,000.00
6,493	Whatever It Takes Trust Inc	24797	28-Jan-16	8,000.00
7,695	Cape Turnagain Golf Club Inc	24798	28-Jan-16	4,000.00
7,404	Equestrian Sports New Zealand Inc	24799	28-Jan-16	4,000.00
799	Pahiatua & Districts Museum Society Inc	24800	28-Jan-16	1,500.00
5,573	Rugby League Hawke's Bay Inc	24801	28-Jan-16	4,000.00
2,018	Tararua Aquatic Community Trust	24802	28-Jan-16	10,000.00
7,753	Ashhurst Community Trust	24803	28-Jan-16	30,000.00
7,345	Napier Technical Sports & Recreational Organisation Inc	24804	28-Jan-16	15,000.00
739	National Youth Drama School Trust	24805	28-Jan-16	4,000.00
927	Scout Association - Roslyn Scout Group	24806	28-Jan-16	4,000.00
4,536	Peoples Advocacy Society Inc - Napier	24807	28-Jan-16	3,700.00
5,538	Te Araroa & District Progressive Association	24808	28-Jan-16	2,300.00
5,572	Massey University	24809	28-Jan-16	2,000.00
6,629	Central Districts Hockey Inc	24810	28-Jan-16	4,000.00
460	Hawke's Bay Orchestral Society	24811	28-Jan-16	4,000.00
827	Palmerston Nth Surf Life Saving Club Inc	24814	28-Jan-16	7,000.00
1,178	Scout Association - Westshore Sea Scout Group	24816	28-Jan-16	4,000.00

<u>Client</u> <u>Number</u>	<u>Client Name</u>	<u>Request</u> <u>Number</u>	<u>Date</u> <u>Approved</u>	<u>Balance</u> <u>Remaining</u>
7,786	Aurora Education Foundation Charitable Trust	24817	28-Jan-16	8,000.00
168	Bledisloe School	24818	28-Jan-16	5,000.00
6,640	Canteen - Manawatu	24819	28-Jan-16	4,000.00
6,456	Life to the Max Horowhenua Trust	24820	28-Jan-16	8,000.00
874	Purana Koa Rehua Youth Services O Heretaunga Inc.	24821	28-Jan-16	4,000.00
5,178	Gisborne District Council	24826	28-Jan-16	180,000.00
6,472	Volunteering Hawkes Bay	24827	28-Jan-16	9,000.00
5,259	Alan Duff Charitable Foundation	24828	28-Jan-16	3,800.00
5,290	Christian Love Link Napier/Hastings Inc.	24829	28-Jan-16	3,800.00
Total for Eastern And Central				2,495,900.00
Report Totals				2,495,900.00

E&CCT ASSET ALLOCATION

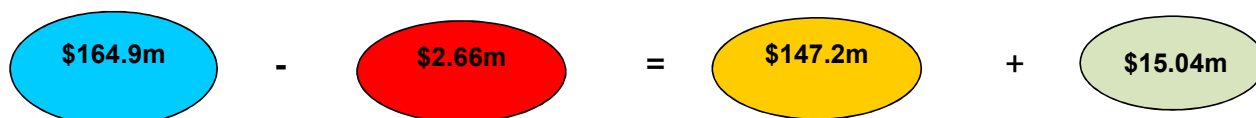
AS AT 31st January 2016

CURRENT ASSETS

LIABILITIES

CAPITAL BASE

RESERVES

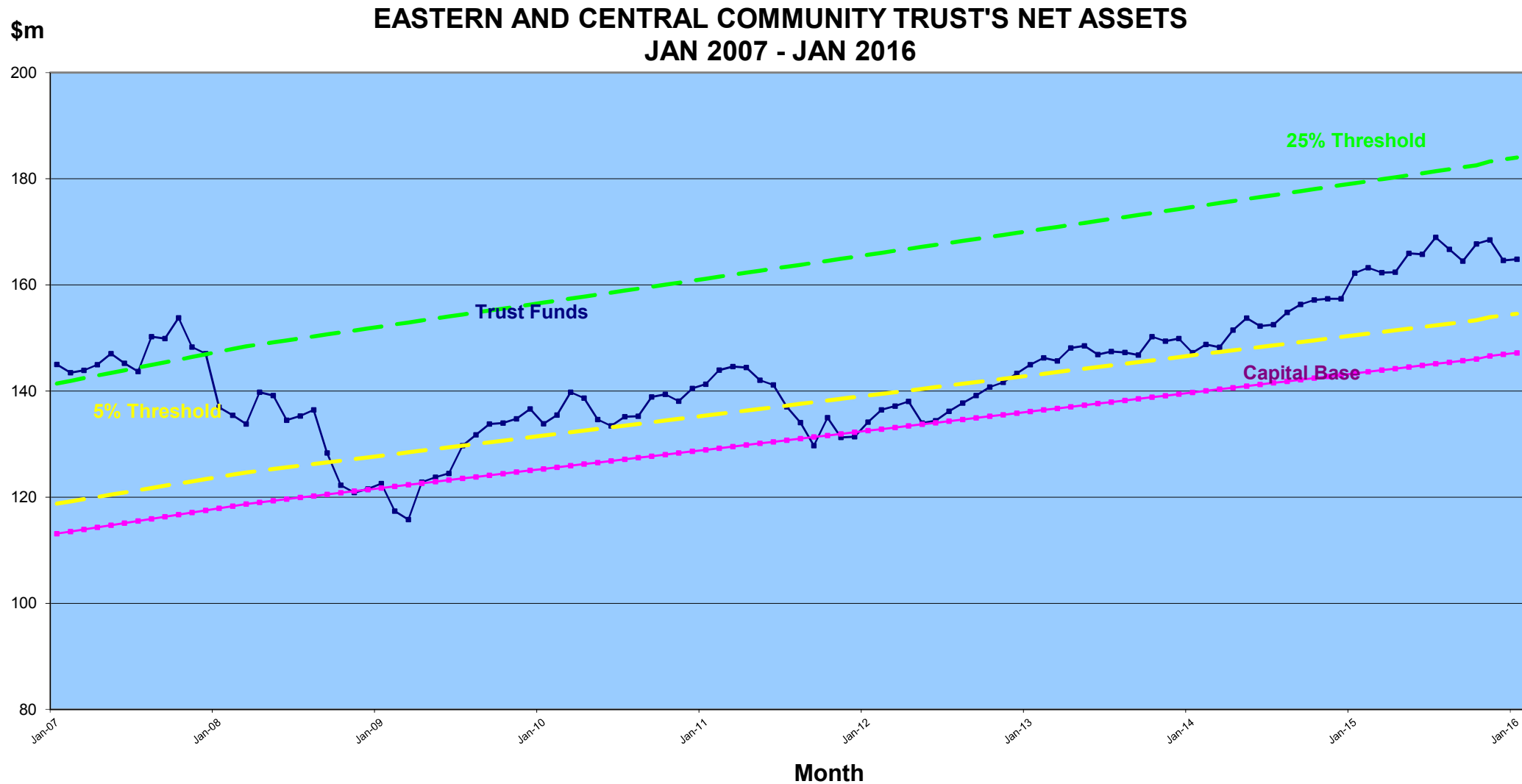


Benchmark (For Capital Base + maximum 25% in reserves)		Allowable Range	Tactical Target Updated 25th January 2013	Actual Value \$m	Percentage of Current Assets	Percentage Variance from target	Variance from tactical target
60%	GROWTH ASSETS	50 - 65%	60%	\$103.8	63.0%	3.0%	\$4.9
30.0%	Shares Forsyth Barr	22.5% - 37.5%	30.0%	\$55.5	33.7%	3.7%	\$6.1
30.0%	Shares Elevation Capital	22.5% - 37.5%	30.0%	\$47.2	28.7%	-1.3%	-\$2.2
0%	Private Equity	0% - 0%	0%	\$1.1	0.7%	0.7%	\$1.1
35%	INCOME ASSETS	25 - 45%	35%	\$55.4	33.6%	-1.4%	-\$2.3
27.5%	NZ Bonds	20 - 35%	27.5%	\$37.5	22.8%	-4.7%	-\$7.8
7.5%	Overseas Bonds	5% - 10%	7.5%	\$17.9	10.9%	3.4%	\$5.5
5%	LIQUID ASSETS	2 - 10%	5%	\$5.6	3.4%	-1.6%	-\$2.7
5%	Self-managed Cash (Incl Hedges & TKP)	2 - 10%	5%	\$5.6	3.4%	-1.6%	-\$2.7
100%	TOTAL		100%	\$164.8	100.0%		\$0.0

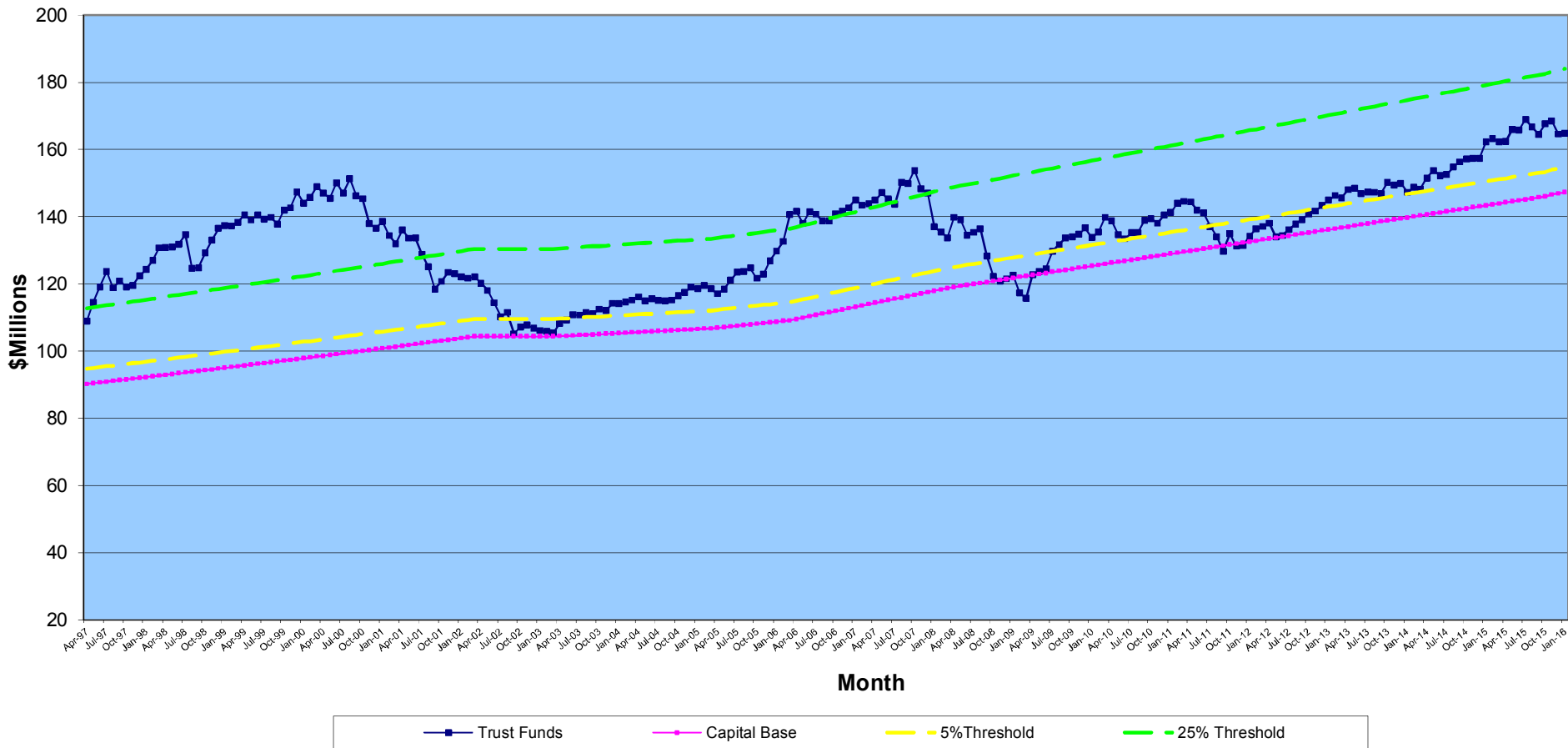
Benchmark Allocation –The benchmark allocation reflects the long-term views of the asset structures likely to generate the required investment return to meet the primary objectives. The benchmark allocation assumes a hypothetical “neutral environment”, i.e. one in which the Trustees do not have a tactical view that one asset class should be favoured over another or that special action should be undertaken.

Allowable Range -These reflect the normal minimum and maximum holdings for an asset class. The ranges exist to allow for normal market movement so that the Trustees can minimise transaction costs and for short-term tactical decisions.

Tactical Target -This allows the Trustees to exercise a tactical view to favour one asset class over another, e.g. more into fixed interest, less into shares in times of high interest rates, while remaining within the “allowable range” for that asset class. Trustees will re-examine the “tactical target” where the variation between the “tactical target” and the Actual situation is plus or minus 5%.



EASTERN AND CENTRAL COMMUNITY TRUST'S NET ASSETS APR 1997 - JAN 2016



Report type:	Audit & Risk Committee Information Papers
Recommendation:	That the Board receives and notes the current currency positions.
Agenda item no:	7
Subject:	Currency Positions
Responsible for the report:	General Manger

Purpose of report:	To inform the A & R Committee of the current currency position and consider future hedging positions.
---------------------------	---

Attached are;

1. BNZ Exchange Report end of January 2016
2. MCA Report on Exchange Rates as at 15th February 2016.

The hedging position has improved over the past two to three weeks and we are hoping for this trend to continue until the contract matures on 18th March 2016.

Jonathan Bell

January 19th 2016

Eastern & Central Community Trust

In the following table Bank of New Zealand sets out the mark to market value[s] of the transaction[s] stipulated in the request from the Customer on the bases set out in that request

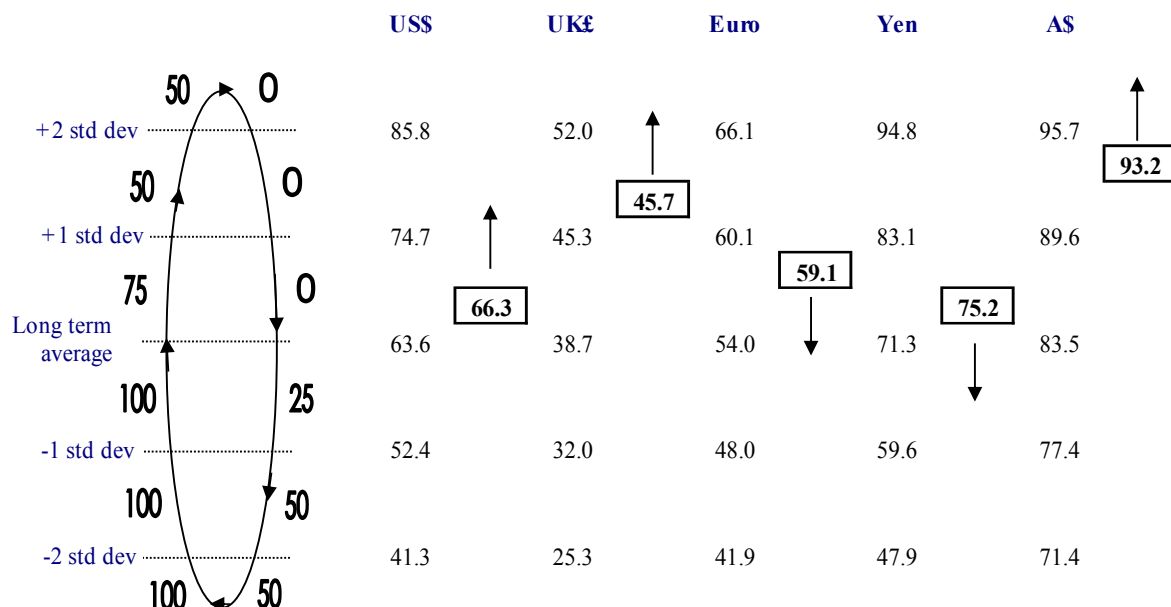
Market Value Date

Friday, 29 January 2016

External Deal Ref	Cust Buy Ccy	Cust Buy Amount	Cust Sell Ccy	Cust Sell Amount	Deal Rate	Maturity Date	Reval Rate	MTM Value (NZD)	Spot Rate
CB262023	NZD	17,000,000.00	USD	11,606,410.00	0.682730	18-Mar-16	0.646177	-959,092.88	0.647900
CB262024	NZD	6,000,000.00	EUR	3,725,160.00	0.620860	18-Mar-16	0.590649	-305,749.15	0.592867
CB262025	NZD	4,000,000.00	GBP	1,833,680.00	0.458420	18-Mar-16	0.449975	-74,864.26	0.451199
CB262026	NZD	4,000,000.00	AUD	3,778,280.00	0.944570	18-Mar-16	0.912329	-141,278.93	0.912833
							Total	-1,480,985.22	

Eastern & Central Community Trust

Equities currency hedging contract position at 15 February 2016



	US\$	UK£	Euro	Yen	A\$
Current exchange rate	0.6634	0.4572	0.5905	75.17	0.9320
Policy position (from the above graph)	75%	50%	0%	0%	50%
Current position	50%	50%	25%	0%	25%

Exposure as at 31 January 2016

Forsyth Barr	22.78	2.67	13.47		6.16
Elevation Capital	22.25	6.08	6.89		6.32
Total	45.03	8.75	20.36		12.48

Target cover at 15 Feb 16 (\$m)	33.8	4.4	0.0	0.0	6.2
Current contract cover	17.00	4.000	6.000		4.000
Strike rate purchased	0.6827	0.4584	0.6209		0.9446
Target minus current contract cover =	16.8	0.4	-6.0	0.0	2.2
	38%	46%	29%		32%

Contract surplus (deficit) (\$m)	(\$0.48)	(\$0.01)	(\$0.29)	\$0.00	(\$0.05)
----------------------------------	----------	----------	----------	--------	----------

Total current contract surplus (deficit) = (838,592.96)

Historical hedging actions

29 Dec 2015 - 50% hedged to US\$ and UKP; 25% hedged to EUR and AUD; 0% to Yen; maturity 18 Mar 2016.

30 Sep 2015 - 0% hedged to AUD, EUR, US\$, UKP and Yen.

7 Aug 2015 - 50% hedged to EUR and UKP; 0% hedged to US\$, AUD and Yen; maturity 6 Nov 2015.

11 May 2015 - 50% hedged to EUR and UKP; 0% hedged to US\$, AUD and Yen; maturity 7 Aug 2015.

Notes

USD is used to hedge the currencies of USA, Brazil, Thailand, Malaysia & Hong Kong. Euro is used to hedge the Euro, Norwegian and Swiss currencies.

The hedging contract for overseas bonds is excluded from this report.

Exchange rates: current and relative levels

15 February 2016

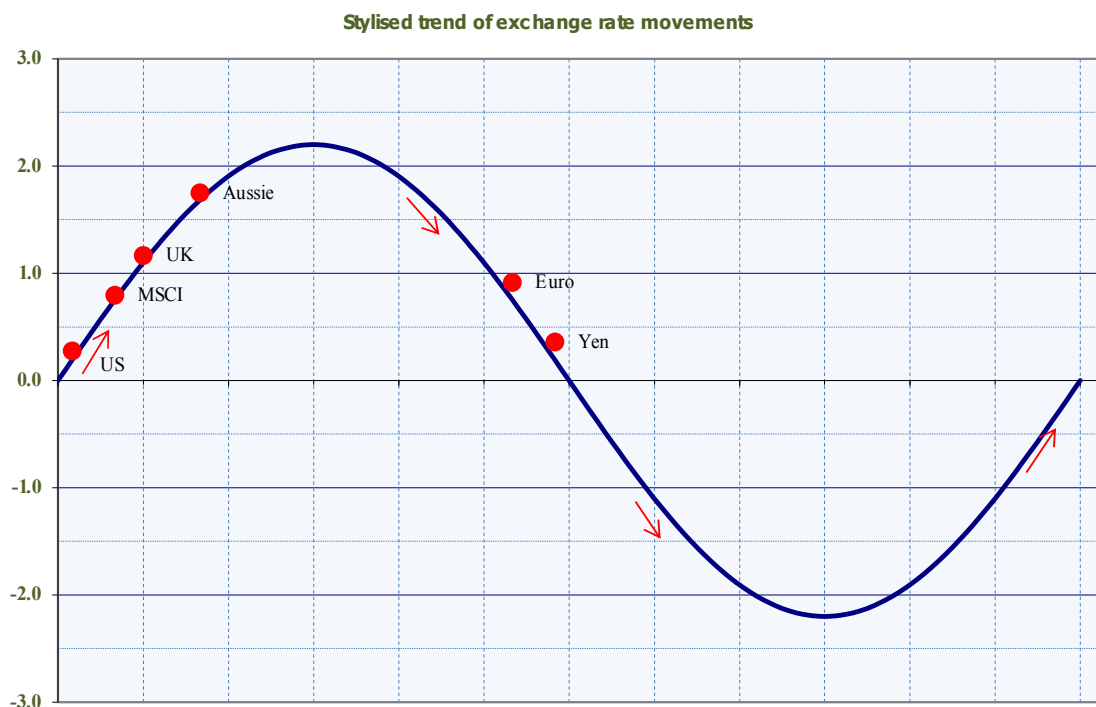
The data and graphs in these pages are from a NZ dollar perspective.

	US	UK	Aussie	Yen	Euro	China	MSCIweighted
Current level	0.6634	0.4572	0.9320	75.1700	0.5905	4.3579	0.6042
Six months ago	0.6539	0.4189	0.8875	81.3800	0.5869	4.1847	0.5982
1-month average trend	up	up	up	down	down	up	up
3-month average trend	up	up	up	down	down	up	up
6-month average trend	up	up	up	down	down	up	up
1-year average trend	down	down	down	down	down	down	down

Historical statistics (post 1986)

+2 standard deviations	0.8578	0.5199	0.9569	94.8050	0.6612	6.1673	0.6999
+1 standard deviations	0.7466	0.4531	0.8961	83.0668	0.6007	5.4744	0.6249
Average	0.6354	0.3864	0.8352	71.3285	0.5401	4.7814	0.5499
-1 standard deviations	0.5242	0.3196	0.7743	59.5903	0.4796	4.0885	0.4748
-2 standard deviations	0.4130	0.2529	0.7135	47.8521	0.4191	3.3955	0.3998

In the stylised trend graph, the level of the exchange rate is plotted relative to the average since 1986. The trend is the moving three month average. 1986 was when the NZ dollar floated.



Note: the movement of the exchange rate does not follow a perfect cycle and may not cycle. It can be observed to fluctuate around an "average" and by mathematical definition will fall within plus or minus one standard deviation 68% of the time.

Currency trends

Exchange rates: current and relative levels

The graphs below plot the NZ dollar and the 3 month trend in the NZ dollar from 31 December 2008 to 15 February 2016, against the long-term average and standard deviations since 1986.



Currency trends

Exchange rates: current and relative levels

The graphs below plot the NZ dollar and the 3 month trend in the NZ dollar from 31 December 2008 to 15 February 2016, against the long-term average and standard deviations since 1986.

UK

0.4572

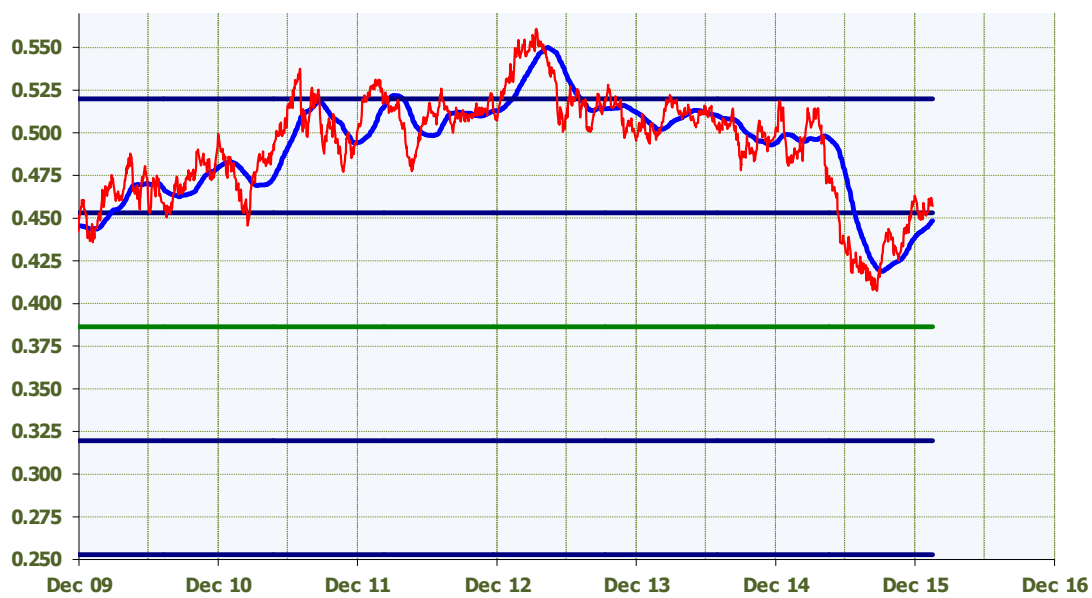
down

up

up

up

3 month moving average



Euro

0.5905

down

down

down

down

3 month moving average



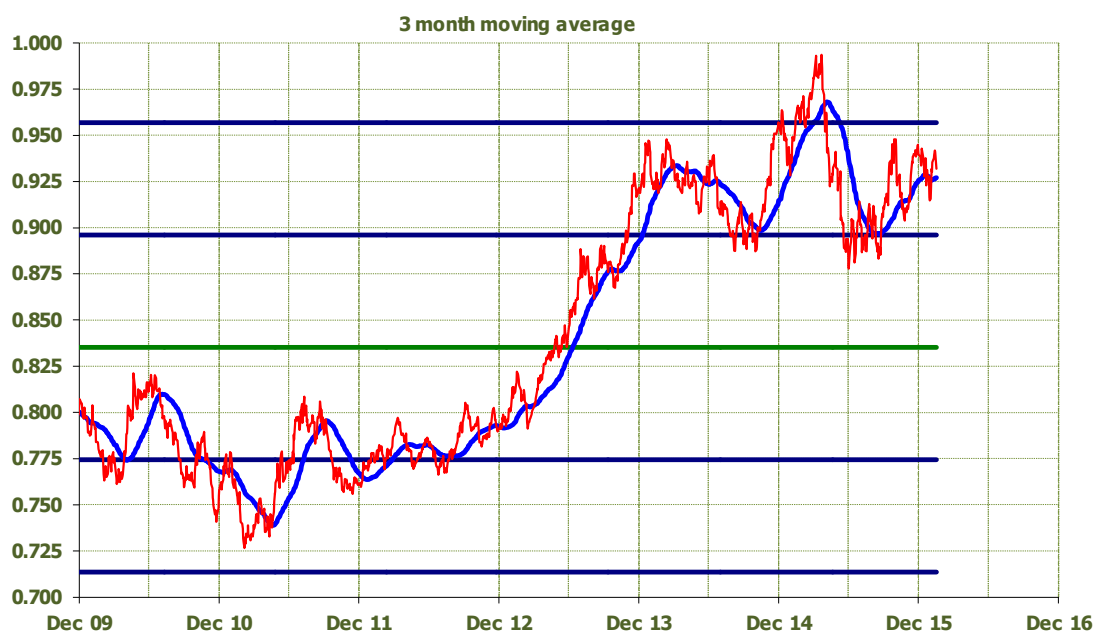
Currency trends

Exchange rates: current and relative levels

The graphs below plot the NZ dollar and the 3 month trend in the NZ dollar from 31 December 2008 to 15 February 2016, against the long-term average and standard deviations since 1986.

Australia 0.9320

down up up up



Japan 75.1700

down down down down



Currency trends

Exchange rates: current and relative levels

The graphs below plot the NZ dollar and the 3 month trend in the NZ dollar from 31 December 2008 to 15 February 2016, against the long-term average and standard deviations since 1986.

Canada

0.9176

down

up

up

down



Singapore

0.9265

down

up

down

down



Currency trends

Exchange rates: current and relative levels

The graphs below plot the NZ dollar and the 3 month trend in the NZ dollar from 31 December 2008 to 15 February 2016, against the long-term average and standard deviations since 1986.



Report type:	Audit & Risk Committee Information Papers
Recommendation:	That the Board receives and provides feedback on the draft Budget for the 2016/17 financial year.
Agenda item no:	8
Subject:	Forecast Budget 2016/17
Responsible for the report:	General Manger

Purpose of report:	To provide the A & R Committee with a draft forecast budget for the 2016/17 financial year.
---------------------------	---

The draft forecast budget for 2016/17 is attached. Page three outlines some of the assumptions, the following is noted

1. Income
 - a. Discussions with MCA and Phil Williams around expected returns from the Equities portfolios and NZ Bonds portfolio provided the base for the income projection.
 - b. Term Deposits – I have assumed that interest rates will remain low for the coming twelve months at levels which we are currently experiencing.
2. Expenses
 - a. Staff Remuneration – I have taken current remuneration and allowed for a 2.5% increase.
 - b. General Expenses – these have been assessed on the current YTD level against budget and adjusted either up or down according to where they sit. Most of these remain unchanged.
 - c. Professional Expenses – I have increased these slightly to take into account some minor project work for the next few months. This will place us in a position to then provide more detailed proposals around the review and possible re-development of the Funding Strategy/Framework, Donations Policy etc.
 - d. Donations budget – This is extrapolated out of SIPO.

Jonathan Bell

January 19th 2016

EASTERN & CENTRAL COMMUNITY TRUST

YTD and Proposed Cash Flow Budget for the Year Ending 31 March 2017 - J Bell 20th Jan 2016

	2015/16 Act Budget	9 months Actual YTD	9 Months Budget YTD	Comments	2016/17 Budget	2016/17 Comments
INCOME						
REALISED INVESTMENT INCOME						BASED ON ASSETS \$168m (31st Dec 2015)
New Zealand						
Shares FBarr Interest	7,000	28,884	6,600		10,000	
Shares FBarr Dividend	1,968,750	1,532,084	1,805,000	Behind by \$300k	1,990,000	4.0% on \$52.5m. Michael notes that as markets go up the % value of dividends decreases hence 3.75% versus 4.0%
Shares FBarr Disposal gain/loss	0	0			-	
Shares ECap Interest	7,000	28,901	6,000		10,000	
Shares ECap Dividend	1,848,750	1,650,243	1,705,000	\$55k behind	1,869,000	4.0% on \$49.3m (Same comment as above)
Shares ECap Disposal gain/loss	0	0			-	Few sales/purchases expected
Bonds Self Interest	2,400,000	2,004,715	2,220,000	\$220k behind budget	2,127,500	5.75% on \$37m (expected return)
Bonds Self Disposal gain/loss	0				-	
Cash Self Realised Income	336,000	209,845	282,000	\$73k behind budget	195,000	3.25% on \$6.0m
Sundry Income	170	0			170	HB Power Dividend
Overseas						
Shares SSGA Dividend	0	0				
Bonds Pimco Interest	850,000	700,336	850,000	\$150k behind budget	1,080,000	6% on \$18m (reasonable assumption according to Michael)
Bonds Pimco Disposal gain/loss	0			last year		
Total Realised Income	7,417,670	6,155,008	6,874,600		7,281,670	Up on previous year's budget \$7.9 mill likely year end
UNREALISED INVESTMENT INCOME						
Total Unrealised Income	0	0			0	
TOTAL INVESTMENT INCOME	7,417,670	6,155,008	6,874,600		7,281,670	This equates to a 4.58% return on Investments as at Jan 2015
EXPENSES						
<u>Administration Expenses</u>						
Advertising - Statutory	17,000	40,646	17,000	Over budget	34,000	Under budgeted last year
Promotion	70,000	24,059	56,000	Under Budget	70,000	Same as last year
Rent & Services	115,000	91,473	99,000	On Budget	115,000	Same as last year
Telephone	14,000	12,208	12,000	Over Budget	14,000	some minor savings
Postage	4,000	2,799	3,300	On budget	4,000	Same as last year
KiwiSaver net Contributions	17,000	13,609	14,250	Under budget	17,840	Calculated at 4% of actual salaries
Printing & Stationery	14,000	9,438	11,800	On budget	13,000	Slight decrease
Insurance	6,000	5,387	6,000	Over budget	6,000	Life (JB) & Contents
General Expenses	4,000	2,517	3,060	Tightly controlled	4,000	Adequate from past
Computer Services	80,000	71,570	75,100	On Budget	80,000	From TPK Forecast Budget & New computer provider
Staff Remuneration	450,000	359,899	370,500	On Budget	446,000	See assumptions
Staff Training	8,000	2,347	6,000	Under budget	8,000	See assumptions
Staff Travel	30,000	18,286	26,000	On budget	25,000	Slight reduction from last year
ACC Levies	1,500	1,660	1,500	as per budget	1,700	Same as last year
Total Administration Expenses	830,500	655,898	701,510		838,540	\$12.5k decrease
<u>Trustee Expenses</u>						
Trustees Remuneration	175,000	138,357	141,100	Under budget	175,000	Stay the same as budgeted last year
Trustee Meeting Expenses	58,000	52,751	47,500	Over budget, extra meetings	65,000	Slight increase to align more with actual costs this year
Trustee Training	12,000	1,405	12,000		12,000	Budget \$1k/Trustee
Trustees Liability insurance	10,000	10,034	10,000	Completed	11,000	Accommodates a 5% increase

Total Trustees Expenses	255,000	202,547	210,600
--------------------------------	----------------	----------------	----------------

Fee Expenses

Affiliation Fees	7,500	6,325	7,500	PNZ increased sub
Conference Fees	20,000	16,719	10,000	
Donation Expenses	30,000	7,794	26,700	
Professional Expenses	90,000	66,151	78,000	
Audit Fees	20,000	12,103	20,000	No expense yet -March accrual
Brokerage Fees	25,000	0	-	Over Budget
Custodian Fees	41,000	48,020	34,500	Over Budget
Fund Manager Fees	370,000	328,363	303,000	Currently \$65k under budget YTI
Total Fee Expenses	603,500	485,475	479,700	

TOTAL EXPENSES	1,689,000	1,343,920	1,391,810
-----------------------	------------------	------------------	------------------

SURPLUS INCOME OVER EXPENDITURE	5,728,670	4,811,088	5,482,790	Well ahead of YTD budget
--	------------------	------------------	------------------	--------------------------

COMMUNITY DONATIONS

Special Donations	2,970,000	2,567,600	2,646,000	Under budget
Standard Donations	1,900,000	1,684,560	1,630,000	Under budget
Discretionary Donations	20,000	0	18,000	Under budget
Trust Initiatives	200,000	93,500	172,000	None
Science Project	40,000	40,000	-	
Sports Trusts	340,000	340,000	340,000	Set at \$320,000
Summer Reading Programme	250,000	250,000	250,000	Actual at \$230,000
TOTAL DONATIONS APPROVED	5,720,000	4,975,660	5,056,000	Under budget?

Less Donations Written Back	-100,000	-351,868		Will end over budget
Total Community Donations	5,620,000	4,623,792	5,056,000	Will be under budget

NET INCOME FOR YEAR	108,670	187,296	426,790
----------------------------	----------------	----------------	----------------

Hedging gain/loss	0	0	
NET INCOME AFTER HEDGING	108,670	187,296	

263,000	\$5.7k increase
----------------	------------------------

7,500	Philanthropy NZ & EMA increases
30,000	CT's Cnf in Canterbury (Travel \$11k, Accom \$10k, \$4k contingency, meals taxis etc)
20,000	Less pools etc, reduced
95,000	Mainly MCA slight increase
20,000	Same as last year
-	No longer budgeted for
63,000	Public Trust & BNP Paribas
370,000	Same as last year
605,500	\$15k decrease from last year

1,707,040	Budgeted expenses \$21.8k less than budgeted expenses for last year.
------------------	---

5,574,630	Surplus before donations
------------------	---------------------------------

3,060,000	SIPO states 4% of \$147m capital base
1,963,000	which is approximately \$5.88m.
-	
200,000	Capacity Building & other initiatives
75,000	
340,000	
250,000	Annual report to SPC in March Meeting
5,888,000	\$420k increase from last year

- 100,000	An unknown, but available for distribution
5,788,000	

-213,370

-	Not budgeted for
- 213,370	

Assumptions

Staff Remuneration	Budget same as last year	
	Current Remuneration 2015-16	424,740
	Proposed increase 2.5%	10,618
	Total	435,358
	Contingency	15,000
	Total Budgeted	450,358
Staff Travel	Based on the travel we have done for the first nine months, and the funding clinics and forums planned for next year (9 by \$1.5k) we are estimating a slight reduction in the budgetted figure from last year, down \$5k	
	Total Budgeted	25,000
Donation Expenses	The trend of school pool applications did not occur, however we believe we will receive some for this coming year. Because of this we have reduced the budgetted figure from last year by \$10k	
	Total Budgeted	20,000
Staff Training	Neil & Rose have identified two conferences which they would like to attend this year as part of their personal development, one is in Wellington the other Auckland. I am continuing with the CE Mentoring group based in Hawkes Bay. I have reduced the budgetted figure slightly from last year	
	Total Budgeted	7,000
Income	I have discussed the expected levels of income from our Equities and Global Bonds portfolios with Michael Chamberlain. We have extrapolated out the expected values at year end and applied a return of 4.0% Phil Williams has provided his estimated return and the current interest rates for TD's sit at between 3.2 and 3.4% so I have erred on the lower end of that. I have asked the Public Trust to see if their reporting system can provide forecast dividends for the next two months to give us an indication of year end figures, they will provide this shortly	

Report type:	Financial Information Papers
Recommendation:	The Committee notes the summarized fund manager reports as at 31 st January 2016.
Agenda item no:	9
Subject:	Financial Reports
Responsible for the report:	General Manager

Purpose of report:	To inform the Committee of the overall performance of the diversified investment portfolio along with commentary on any trends of note.
---------------------------	---

Investment monitoring

report & analysis to 31 January 2016

Contents	Page	Objectives
Summary	1	The investment policy objectives of the Trust are to achieve a growing level of income to fund the budgeted grants and operating costs each year and grow the capital base over the long term, to protect the capital and grants against the impact of inflation.
Objectives - \$6.7m in grants	3	
Strategy by investment asset type	4	The risks to the investment policy objectives are to generate sufficient actual income each year to let the Trust donate 4% of the adjusted capital base at the start of the year and to meet the Trust's costs. \$6.7m is budgeted for 2015/16.
Strategy by manager & asset type	5	
Currency & overseas shares returns	6	
Last 12 months performance relative to benchmark	7	
Current financial year and longer term	8	
Listed shares portfolio		
Geographical industry split	10	
Elevation Capital portfolio	11	
Forsyth Barr portfolio	12	
Technical notes	15	
Environment & market statistics	16	
		Allocation of capital & investment strategy
		The assets of the Trust are split between cash, bonds and shares. The split is designed to achieve the return objectives of the Trust to support the grants policy. Each class of asset has a different purpose and a different pattern of returns. The resulting asset mix is the investment strategy of the Trust.
		The allocation of capital is:
		- \$10m is targeted at cash to provide liquidity;
		- \$50m at bonds to provide cash flow over the next 10 years, to fund the grants as required;
		- The balance is allocated to shares to provide long-term growth. Of the shares, up to \$20m is available for private equity.

31 January 2016

Overall Trust return (%)

	Month	Year (10 months)
Income return	0.24%	2.65%
Market movement	0.01%	0.84%
Total return	0.25%	3.49%

Summarised accounts (\$)

Assets at start	164,180,564	164,434,367
Net cash flow	(219,436)	(5,792,420)
Income received/ (paid)	388,890	4,304,516
Growth gains/ (losses)	14,940	1,418,494
Total investment gains/ (losses)	403,830	5,723,010
Assets at end	164,364,958	164,364,958
Income sector assets at end		62,352,964 (37.9%)
Growth sector assets at end		102,011,993 (62.1%)

Objectives

Liquidity



Income



Growth



Strategy



Trust performance



Manager performance

Cash



NZ bonds



Overseas
bonds



Total listed
shares



Elevation
Capital



Forsyth
Barr



31 January 2016

Summary

Month

In respect of the investment results to 31 January 2016, we note:

- The asset value is \$164,364,958, up \$0.18m over the month [Last month: \$164,180,564].
- The portfolio generated investment income of \$388,890 [vs monthly budget: \$638,652].
- The overall investment return for the month was positive 0.25%, i.e. \$403,830.

Strategy

- The investment allocation to each sector is within $\pm 2.4\%$ of the benchmark asset allocation.
- Listed shares is 1.5% below the benchmark, and Cash is 2.4% above the benchmark.
- The latest hedging contract position of overseas shares was: 50% hedged to USD, UKP, 25% to EUR, AUD, and 0% to Yen.

Market movements

- Positive: Cash, NZ bonds, OS bonds, Listed shares.
- Negative: Listed shares.

All markets had a good month, with the exception of Listed shares.

Investment managers' performance (relative to market indices)

- Positive: Cash, Listed shares.
- Negative: NZ bonds, OS bonds.

All managers had mixed month.

Year (since 1 April 2015)

- The investment portfolio has generated \$4,304,516 of income and experienced \$1,418,494 of market movements since 1 April 2015. The total return has been \$5,723,010 or 3.49% since 1 April 2015. The income level is below the budget.

Current issues

Environment

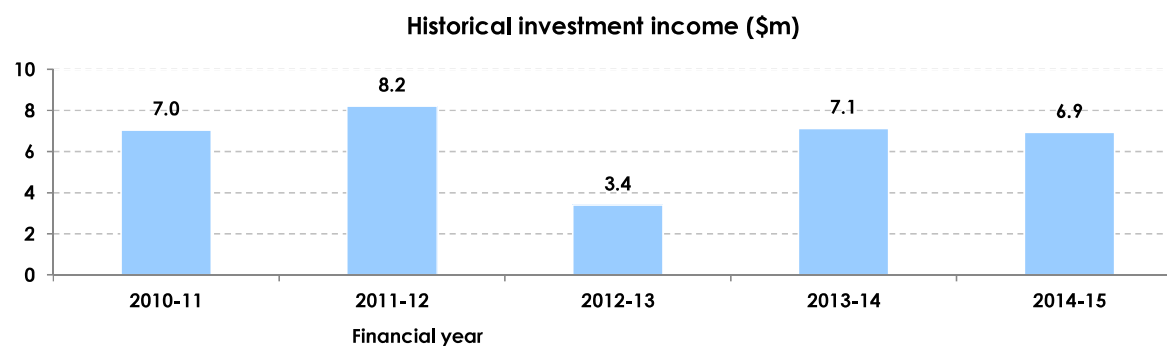
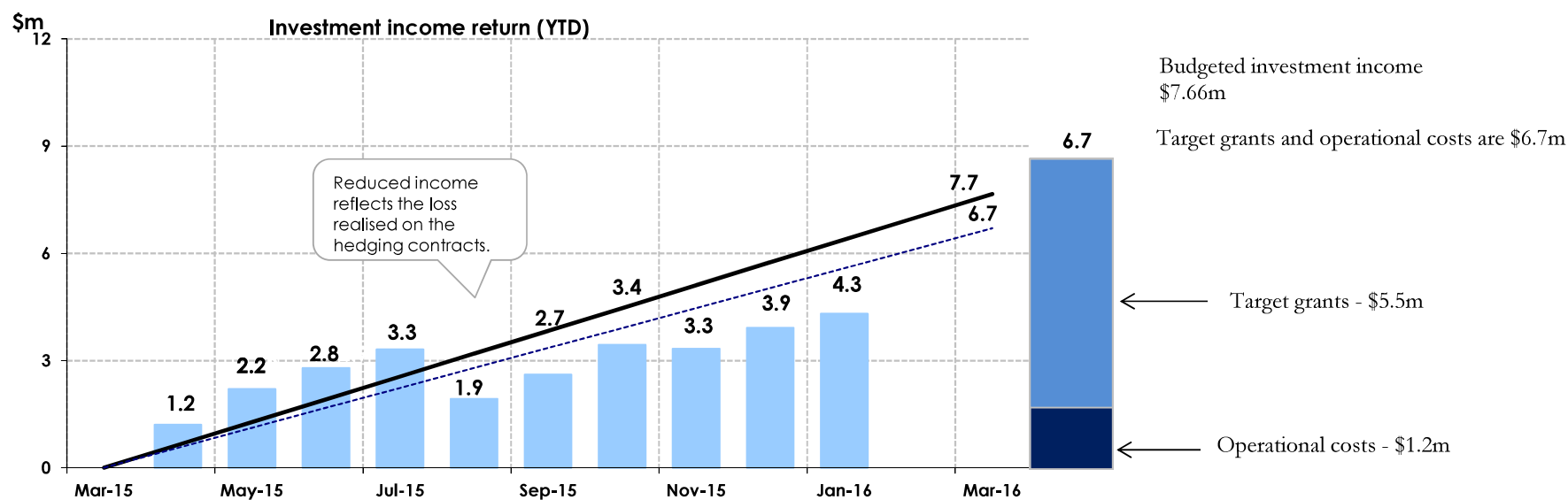
The environment continues to be a low interest rate, low overall inflation and low economic growth environment. We expect this to continue for the foreseeable future (next 8 to 10 years) driven by the demographics (ageing of the baby boomers), the debt levels of major western governments and the fiscal deficits of the US, Japan, UK and Europe, made worse through derivatives, and low productivity.

31 January 2016

Objective - funding \$5.5m in grants + \$1.2m operation costs (\$6.7m in total)

The objective is to generate investment income which, when supplemented by the cash assets, will let the Trust make grants at the budgeted level and to meet the operational costs. Any budgeted expenditure not met from the investment income is funded from cash. The 2015/ 2016 target grants and operation costs are \$6.7m. The budgeted investment income is \$7.7m.

The results, relative to the objective and the budget for the year-to-date, are:



Investment strategy - by investment asset type

The investment strategy should be looked at in terms of the split of the current assets relative to the purpose, the benchmark, the benchmark applied to the capital base and the benchmark applied to 125% of the capital base.



Purpose	Liquidity Certainty Short-term \$10.00m 6.1%	Income Reduced volatility Medium-term \$50.00m 30.5%	Inflation protection Growth Long-term \$104.36m 63.5%	Current grants Intergenerational Equity \$164.36 m 100.0%
Benchmark (\$)	\$12.64 m	\$49.71 m	\$102.01 m	\$164.36 m
Benchmark (%)	\$10.00 m	\$50.00 m	\$104.36 m	\$164.36 m
	\$2.64 m	-\$0.29 m	-\$2.35 m	\$0.00 m
Current assets vs benchmark				
Current assets	\$12.64 m	\$49.71 m	\$102.01 m	\$164.36 m
Benchmark assets	\$10.00 m	\$50.00 m	\$104.36 m	\$164.36 m
Excess (shortfall)	\$2.64 m	-\$0.29 m	-\$2.35 m	\$0.00 m
Current assets vs capital base				
Current assets	\$12.64 m	\$49.71 m	\$102.01 m	\$164.36 m
Capital base	\$10.00 m	\$50.00 m	\$86.93 m	\$146.93 m
Elevation Capital portfolio	\$2.64 m	-\$0.29 m	\$15.08 m	\$17.43 m
Current assets vs 125% x capital base				
Current assets	\$12.64 m	\$49.71 m	\$102.01 m	\$164.36 m
Target assets	\$10.00 m	\$50.00 m	\$123.66 m	\$183.66 m
Excess (shortfall)	\$2.64 m	-\$0.29 m	-\$21.65 m	-\$19.30 m

Notes:

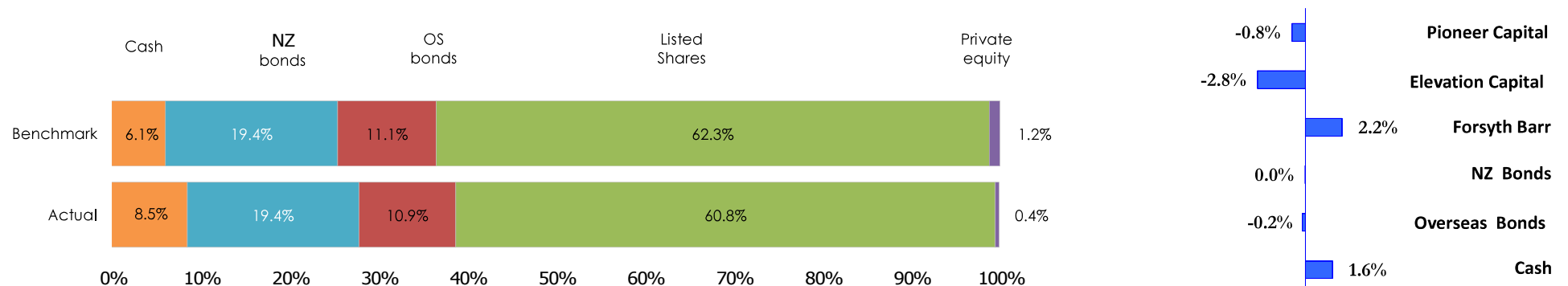
1. For the target asset levels, the cash holdings should include the undistributed distribution a/c.
2. The allocation to bonds is below the optimal level for 125% x Capital base.
3. The allocation to shares/property is below the benchmark level on each basis, reflecting the general downturn in the markets over the last 6 years.
4. The capital base (i.e. \$146.93m) represents the inflation adjusted original capital base set in April 1997 (i.e. \$90m) and should, in addition, include the undistributed grants reserve. The current assets should ideally exceed the value of these.

31 January 2016

Investment strategy - by manager and asset type

	Listed shares	Private equity	Bonds	Cash	Total	Actual	
						\$	%
Growth							
Listed shares							
Elevation Capital	\$44,409,173			\$2,833,864	\$47,243,037	\$47.24m	28.7%
Forsyth Barr	\$55,506,164			\$24,967	\$55,531,131	\$55.53m	33.8%
Private equity							
Pioneer Capital		\$718,811			\$718,811	\$0.72m	0.4%
						\$103.49m	63.0%
Income							
NZ bonds			\$31,809,863		\$31,809,863	\$31.81m	19.4%
Overseas bonds			\$17,899,165		\$17,899,165	\$17.90m	10.9%
						\$49.71m	30.2%
Cash							
Trust				\$6,963,857	\$6,963,857	\$6.96m	4.2%
Forsyth Barr Esam Cushing				\$5,680,079	\$5,680,079	\$5.68m	3.5%
FX Overlay1				-\$1,480,985	-\$1,480,985	-\$1.48m	-0.9%
						\$11.16m	6.8%
Total	\$99,915,337	\$718,811	\$49,709,028	\$14,021,782	\$164,364,958		
Current allocation (%)	60.8%	0.4%	30.2%	8.5%	100.0%		
Difference from benchmark	-1.5%	-0.8%	-0.2%	2.4%			
Benchmark	62.3%	1.2%	30.4%	6.1%	100.0%		
Indices used for comparison	MSCI world net div (currency unhedged)	NZX 50 index	ANZ Corp A grade/Citigroup WGBI index	NZX call index			

Position from benchmark



31 January 2016

Currency & overseas shares returns

In terms of the overseas share investments, the return received depends on the returns from the share markets, and the change in value, through movement in the exchange rate. This ignores the return received through dividends. The movement in the exchange rate is managed through hedging by way of forward contracts. When hedging contracts are held, the investors receive the benefit of the interest rate differential built into the contracts. This page looks at the source of returns with respect to the overseas share investments.

Split of policy return:	Total	Elevation Capital	Forsyth Barr
Share market movement	(\$2,455,343)	(\$593,005)	(\$1,862,338)
Currency movement (50% hedged)	\$1,820,386	\$853,488	\$966,899
Policy return	(\$634,957)	\$260,483	(\$895,439)
Currency management	\$368,337	\$167,956	\$200,381
Total return	(\$266,619)	\$428,439	(\$695,058)

Note:

The return on the combined Forsyth Barr and Elevation Capital managed shares for the month was \$1,185,430. This can be split between the market movement and the movement in the NZ dollar.

Market movement	(\$2,455,343)
Exchange rate movement	\$3,640,773
	<u>\$1,185,430</u>

The Trust's policy is to be 50% hedged, therefore the policy return for the month is -\$634,957, i.e. the market movement and 50% of the exchange rate movement. The total return from the listed shares was -\$266,619. Therefore the hedging management policy, to depart from the neutral position, increased \$368,337 over the month.

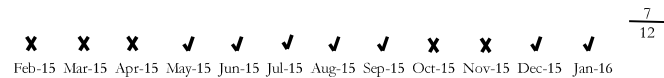
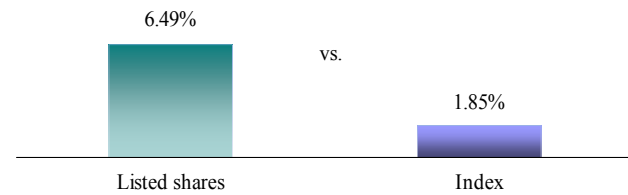
Historically, over the 2015/2016 year, the split has been:

Return from:	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	YTD 2015/16
Share markets	(\$782,273)	(\$178,362)	(\$4,427,903)	\$2,575,693	(\$6,519,501)	(\$1,040,048)	\$8,055,769	(\$326,394)	(\$1,021,774)	(\$2,455,343)			(\$6,120,137)
Application of 50% neutral policy	\$139,582	\$2,473,980	\$2,437,002	\$630,027	\$1,497,323	(\$628,479)	(\$2,572,984)	\$818,269	(\$1,374,362)	\$1,820,386			\$5,240,744
= Benchmark return	(\$642,691)	\$2,295,618	(\$1,990,901)	\$3,205,719	(\$5,022,178)	(\$1,668,527)	\$5,482,786	\$491,874	(\$2,396,136)	(\$634,957)			(\$879,393)
Impact movement of policy from 50%	(\$30,108)	\$1,733,668	\$1,439,092	\$400,040	\$1,000,875	(\$659,145)	(\$2,574,364)	\$818,147	(\$1,403,298)	\$368,337			\$1,093,244
= Total return	(\$672,799)	\$4,029,286	(\$551,809)	\$3,605,759	(\$4,021,304)	(\$2,327,673)	\$2,908,422	\$1,310,021	(\$3,799,434)	(\$266,619)			\$213,851

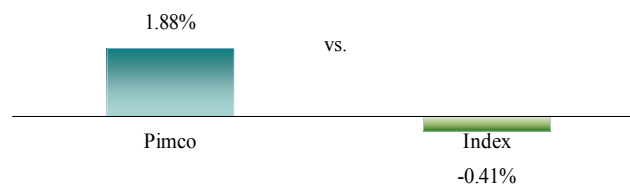
31 January 2016

Last 12 months' performance relative to market benchmark returns

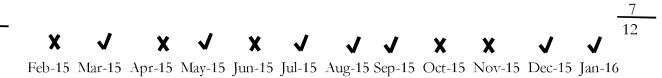
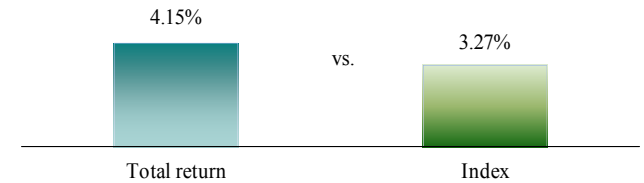
Listed shares



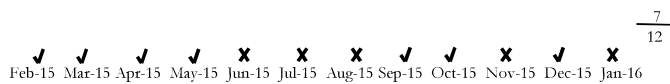
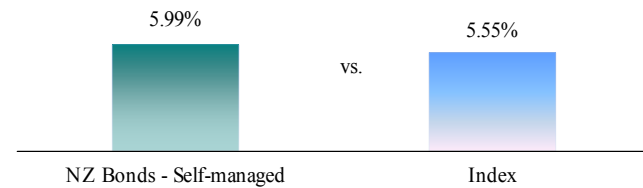
OS bonds - Pimco



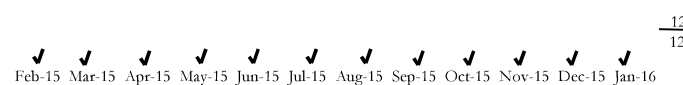
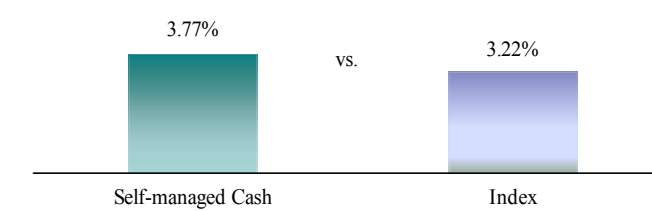
Total Return



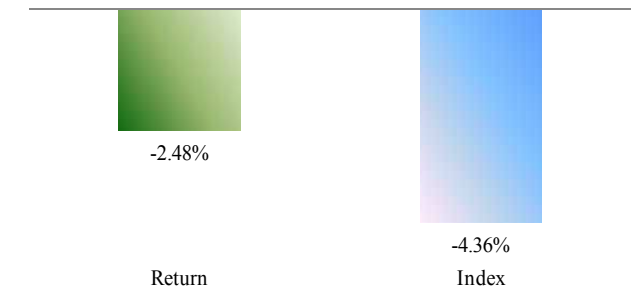
NZ bonds - Self-managed



Cash - Self-managed



Hedging

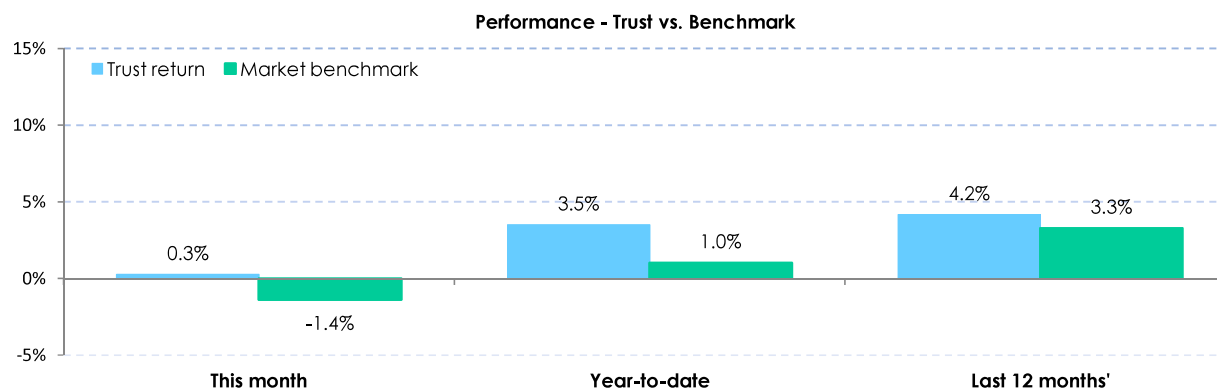


31 January 2016

Performance by manager

	This month (%)			Year-to-date (%)			Last 12 months' (%)		
	returns			returns			returns		
	Actual	Benchmark	Value added	Actual	Benchmark	Value added	Actual	Benchmark	Value added
Overall Trust return	0.25%	-1.37%	1.62%	3.49%	1.02%	2.47%	4.15%	3.27%	0.88%
Listed shares and Hedging	0.01%	-2.97%	2.98%	3.40%	-1.24%	4.64%	3.91%	1.85%	2.06%
Currency hedging	-1.44%	-2.44%	1.00%	-3.97%	-6.55%	2.58%	-2.48%	-4.36%	1.87%
Total listed shares	1.44%	-2.97%	4.41%	7.61%	-1.24%	8.85%	6.49%	1.85%	4.64%
Elevation Capital (portfolio)	1.40%	-2.97%	4.37%	5.56%	-1.24%	6.80%	3.57%	1.85%	1.72%
Shares	2.81%	-2.97%	5.77%	5.80%	-1.24%	7.04%	3.93%	1.85%	2.08%
Liquidity	4.23%			2.48%			-1.00%		
Forsyth Barr (portfolio)	-1.14%	-2.97%	1.83%	9.48%	-1.24%	10.72%	9.19%	1.85%	7.34%
Shares	0.24%	-2.97%	3.21%	9.77%	-1.24%	11.01%	9.44%	1.85%	7.59%
Liquidity	0.31%			-0.55%			-0.33%		
Pioneer Capital Partners	n/a			n/a			n/a		
NZ bonds - Self-managed	0.63%	1.20%	-0.58%	5.03%	4.85%	0.18%	5.99%	5.55%	0.44%
OS bonds - Pimco	0.78%	0.96%	-0.18%	0.96%	-0.38%	1.34%	1.88%	-0.41%	2.29%
Self-managed - cash	0.28%	0.22%	0.06%	3.08%	2.60%	0.48%	3.77%	3.22%	0.55%

Note: Details of the benchmark indices are on page 15.



31 January 2016

Listed shares portfolio

Elevation Capital - Christopher Swasbrook

Forsyth Barr - Richard Burton

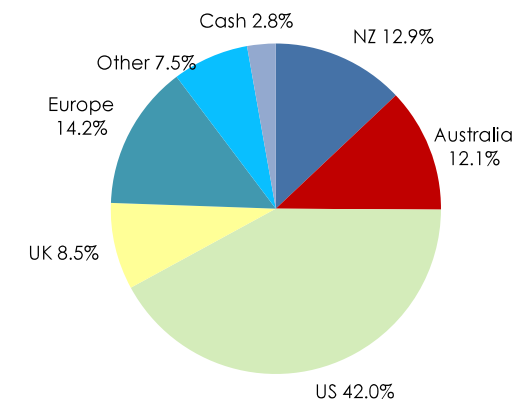
The objective of the portfolio is to provide:

- an income stream of 4.0% of the value of the portfolio each year, and
- a growing level of dividend income in absolute terms over rolling 1 year periods, and
- an increasing portfolio value over a five year period.

31 January 2016

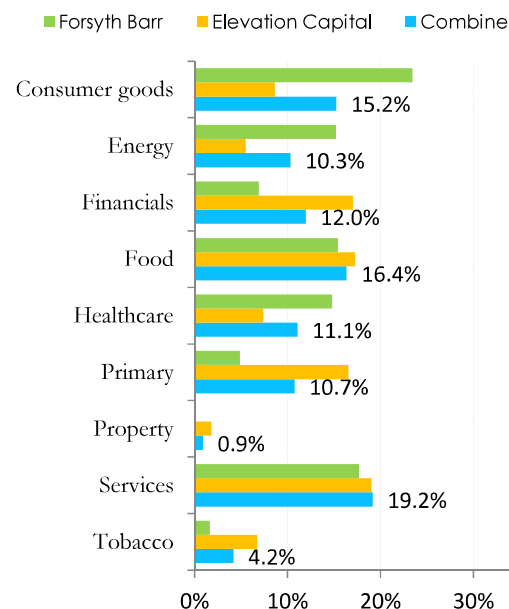
Geographic split

Country of listing	No. of holdings			Value of holdings			%
	EC	FB	Total	EC	FB	Total	
NZ	4	12	16	2,883,150	10,421,636	13,304,786	12.9%
Australia	9	7	16	6,316,030	6,163,367	12,479,397	12.1%
US	23	25	48	20,339,085	22,780,300	43,119,384	42.0%
UK	7	3	10	6,076,481	2,668,590	8,745,070	8.5%
Europe	3	14	17	2,682,307	11,894,932	14,577,238	14.2%
Other	8	2	10	6,112,121	1,577,339	7,689,460	7.5%
Shares	54	63	117	44,409,173	55,506,164	99,915,337	97.2%
Cash				2,833,864	24,967	2,858,831	2.8%
Total				47,243,037	55,531,131	102,774,168	100.0%

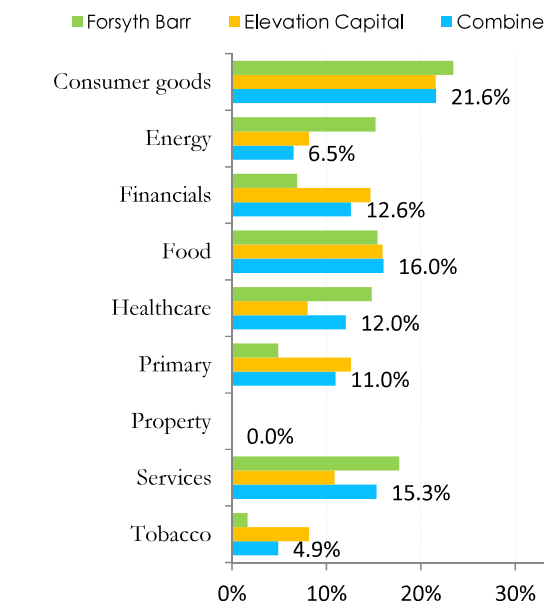


Industry split

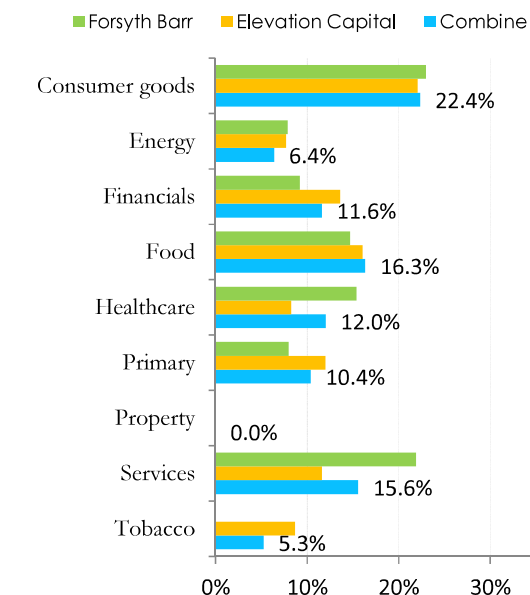
Start of the year 31 Mar 2015



Start of the month 31 Dec 2015



End of the month 31 Jan 2016

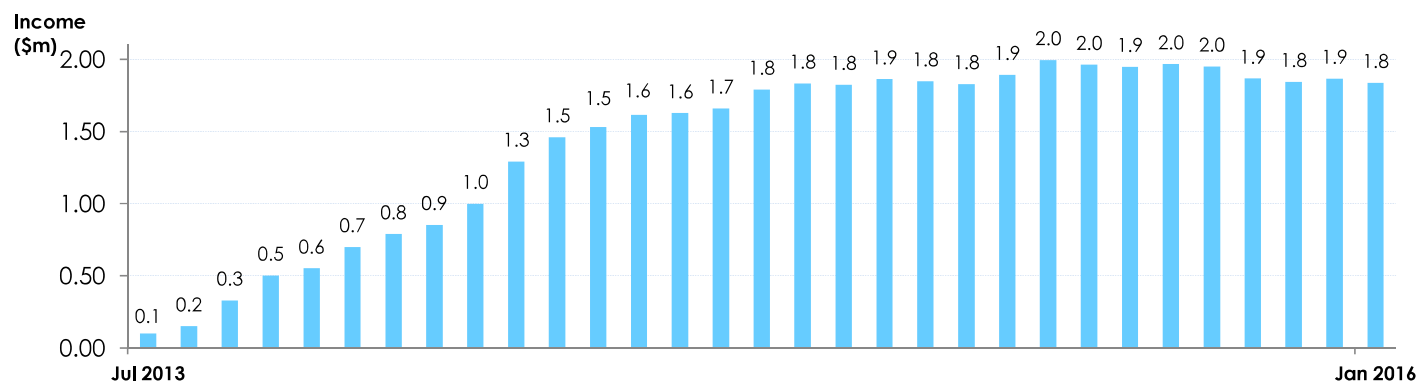


31 January 2016

Summary of income & growth in portfolio

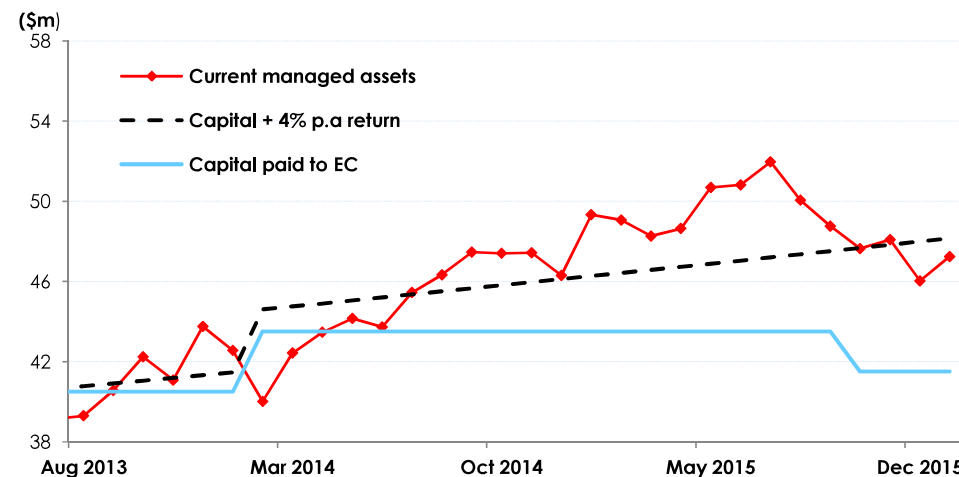
Cumulative dividend income for 12 month periods to month shown (\$m)

Elevation Capital



Assets	\$47,243,037
Distributions paid out since appointment	\$4,336,495

	Financial year to date	Since appointment
Value start of the year	\$45,028,059	
New capital given to manager		\$43,500,000
Capital withdrawals	(\$2,000,000)	(\$2,000,000)
Dividends received/earned	\$1,658,496	\$4,488,574
Distributions paid to Trust	(\$1,578,644)	(\$4,336,495)
Market movement	(\$3,809,917)	(\$1,445,397)
Currency movement	\$5,111,179	\$4,202,492
Cash	\$2,833,864	\$2,833,864
Value at 31 Jan 2016	\$47,243,037	\$47,243,037

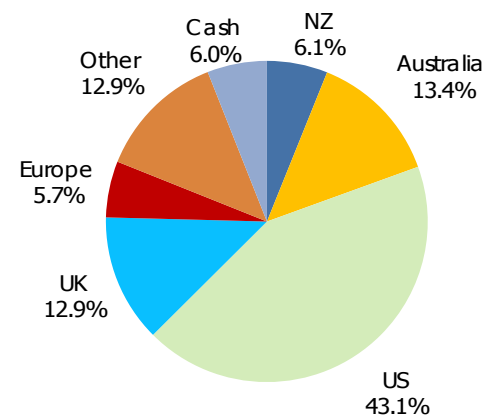


The difference between dividends & interest earned, and what was paid out, relates to the exchange rates at time of receipt versus payment used. Dividends received and paid to the Trust include both dividend and interest income on the investments.

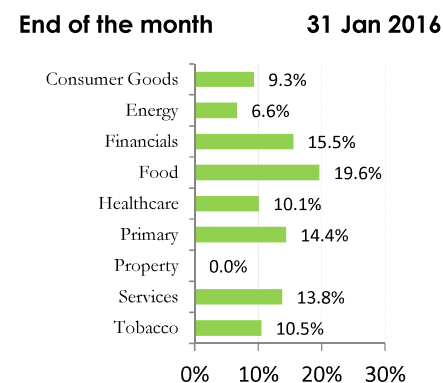
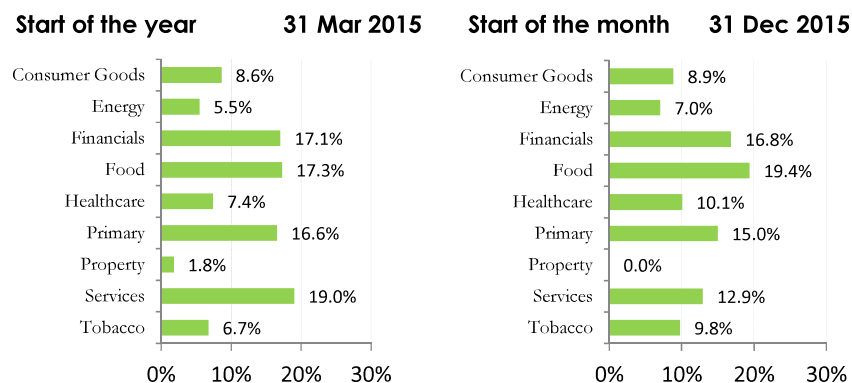
31 January 2016

Geographic split

Country of listing	No. of holdings	\$	%
NZ	4 shares	2,883,150	6.1%
Australia	9 shares	6,316,030	13.4%
US	23 shares	20,339,085	43.1%
UK	7 shares	6,076,481	12.9%
Europe	3 shares	2,682,307	5.7%
Other	8 shares	6,112,121	12.9%
Shares	54 shares	44,409,173	94.0%
Cash		2,833,864	6.0%
Total		47,243,037	100.0%



Industry split



Market returns (NZ\$)

	Last 1 year	Last 3 years	Last 5 years
Consumer goods	10.4%	19.7%	14.4%
Energy	-18.5%	-3.7%	-3.8%
Financials	-1.2%	10.2%	5.5%
Food	21.0%	19.7%	16.8%
Healthcare	6.6%	23.3%	18.6%
Primary	-16.0%	-2.7%	-4.9%
Services	13.8%	18.0%	13.8%
Overall MSCI	3.8%	14.1%	8.8%

Concentration risks:

Shares that are 20% or more above the "equal weighting target" of \$890,875

Pental Limited Coach, Inc. Kimberly-Clark Corp Procter & Gamble Corp

Shares that are 20% or less below the "equal weighting target" of \$890,875

BHP Billiton Coca-Cola Amatil MetCash South32 Ltd. Mighty River Power Arcos Dorados Holdings Inc BP
Prudhoe Bay Royalty Trust Chesapeake Energy Corp Freeport McMoran C&G Siam City Cement Givaudan SA

New shares

Nil

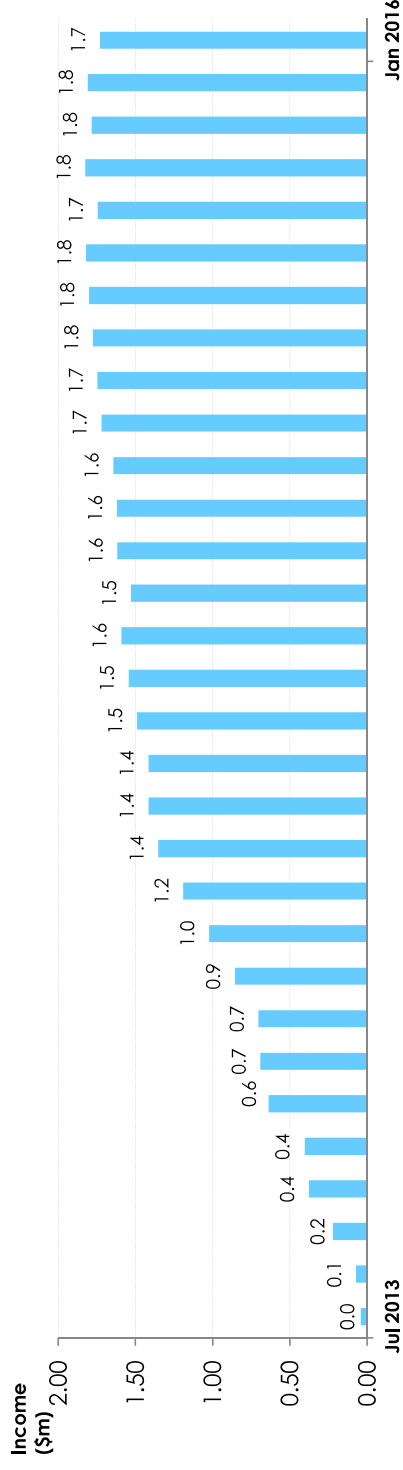
Exits

Nil

Summary of income & growth in portfolio

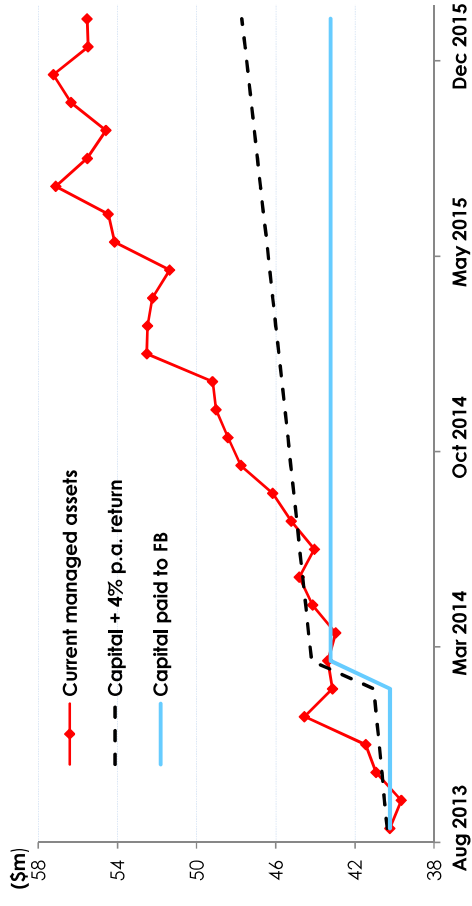
Cumulative dividend income for 12 month periods to month shown (\$m)

Forsyth Barr



Assets	\$55,531,131
Distributions paid out since appointment	\$4,022,637

	Financial year to date	Since appointment
Value start of the year	\$48,576,929	
New capital given to manager		\$43,235,832
Capital withdrawals		
Dividends received/earned	\$1,536,424	\$4,035,387
Distributions paid to Trust	(\$1,573,539)	(\$4,022,637)
Market movement	\$1,596,038	\$7,816,167
Currency movement	\$5,370,310	\$4,441,414
Cash	\$24,967	\$24,967
Value at 31 Jan 2016	\$55,531,131	\$55,531,131

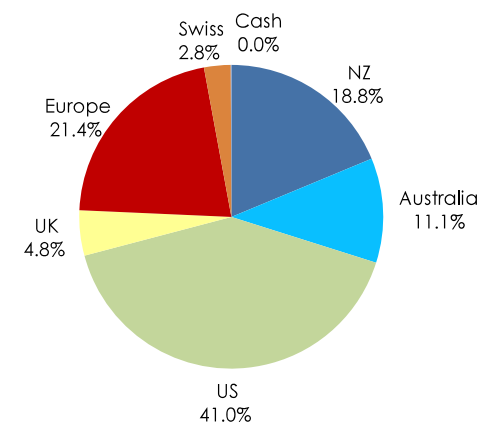


The difference between dividends & interest earned, and what was paid out, relates to the exchange rates at time of receipt versus payment used. Dividends received and paid to the Trust include both dividend and interest income on the investments.

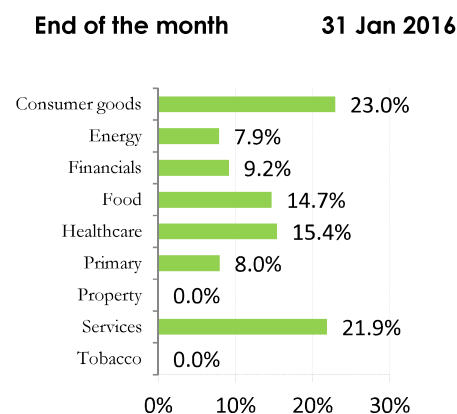
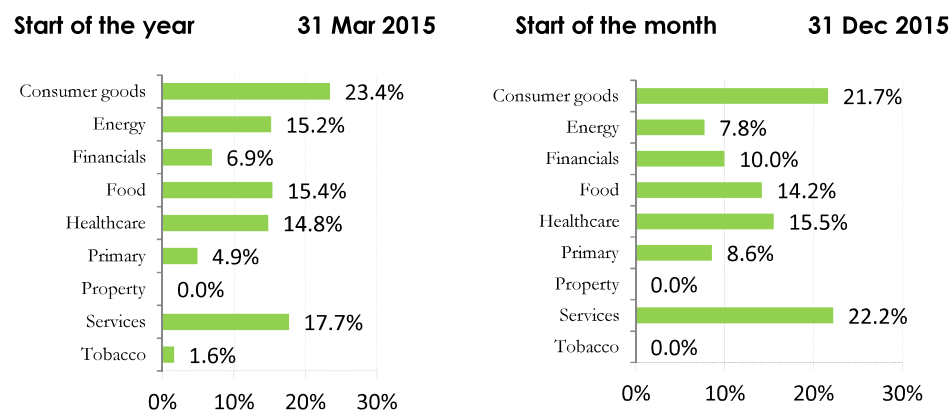
31 January 2016

Geographic split

Country of listing	No. of holdings	\$	%
NZ	12 shares	10,421,636	18.8%
Australia	7 shares	6,163,367	11.1%
US	25 shares	22,780,300	41.0%
UK	3 shares	2,668,590	4.8%
Europe	14 shares	11,894,932	21.4%
Swiss	2 shares	1,577,339	2.8%
Shares	63 shares	55,506,164	100.0%
Cash		24,967	0.0%
Total		55,531,131	100.0%



Industry split



Market returns (NZ\$)

	Last 1 year	Last 3 years	Last 5 years
Consumer goods	10.4%	19.7%	14.4%
Energy	-18.5%	-3.7%	-3.8%
Financials	-1.2%	10.2%	5.5%
Food	21.0%	19.7%	16.8%
Healthcare	6.6%	23.3%	18.6%
Primary	-16.0%	-2.7%	-4.9%
Services	13.8%	18.0%	13.8%
Overall MSCI	3.8%	14.1%	8.8%

Concentration risks:

Shares that are 20% or more above the "equal weighting target" of \$881,447

Nil

Shares that are 20% or less below the "equal weighting target" of \$881,447

Nuplex Industries Limited

New shares

Nil

Exits

Nil

31 January 2016

Technical notes

This page sets out details of key investment managers and details of the market benchmarks used.

	Appointment date	Current management
Overall	Apr 1997	
Private equity	Jun 2013	Pioneer Capital Partners.
Listed shares	May 2013	Elevation Capital & Forsyth Barr listed shares.
OS bonds	May 2013	Pimco.
NZ bonds	Nov 2002	Self-managed through Forsyth Barr Esam Cushing.
OS shares FX hedging	Apr 2000	BNZ.
NZ shares	Jul 1999	Forsyth Barr.
Cash	Apr 1997	Self-managed.
Market sector returns are calculated based on the general market movement applicable to a non-taxpayer.		

Market indices:	
Total shares	MSCI world net div (50% hedged).
Elevation Capital / Forsyth Barr listed shares	MSCI world net div (currency unhedged).
Shares	MSCI world net div.
Currency hedging	50% of currency movement.
NZ bonds - self-managed	S&P/ NZX A Grade Corporate Bond Index.
OS bonds hedged - Pimco	30% Citigroup World Govt Bond Index hedged and 70% Citigroup World Corp Bond Index hedged.
Self-managed - cash	NZX call rate.

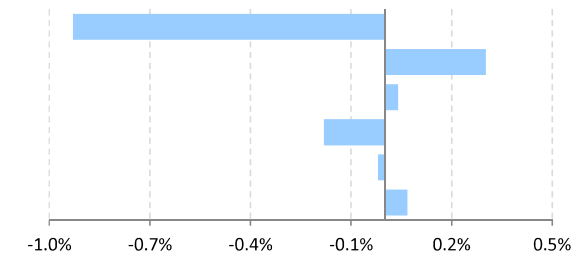
31 January 2016

Environment and market statistics

90-day bank bill rates

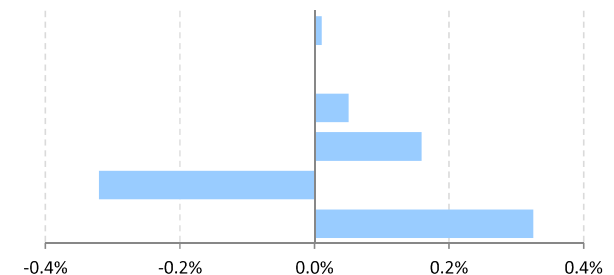
	Start of year 1 Apr 2015	Start of period 1 Jan 2016	End of period 31 Jan 2016	Movement	
				Month	Year-to-date
NZ	3.6%	2.8%	2.7%	(0.1%)	(0.9%)
US	0.0%	0.2%	0.3%	0.2%	0.3%
UK	0.4%	0.5%	0.5%	0.0%	0.0%
Euro	0.0%	(0.1%)	(0.2%)	(0.0%)	(0.2%)
Japan	0.0%	0.0%	0.0%	0.0%	(0.0%)
Australia	2.2%	2.4%	2.3%	(0.1%)	0.1%

Year-to-date (change)



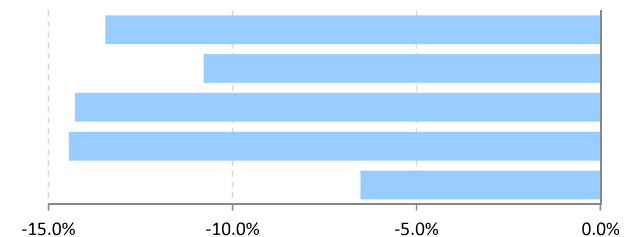
10 year government bond yields

	Start of year 1 Apr 2015	Start of period 1 Jan 2016	End of period 31 Jan 2016	Movement	
				Month	Year-to-date
NZ	3.2%	3.6%	3.2%	(0.3%)	0.0%
US	1.9%	2.3%	1.9%	(0.3%)	0.0%
UK	1.7%	1.9%	1.7%	(0.1%)	0.1%
Euro	1.0%	1.2%	1.1%	(0.1%)	0.2%
Japan	0.4%	0.3%	0.1%	(0.2%)	(0.3%)
Australia	2.3%	2.9%	2.6%	(0.2%)	0.3%



Exchange rates

	Start of year 1 Apr 2015	Start of period 1 Jan 2016	End of period 31 Jan 2016	Movement	
				Month	Year-to-date
US	0.7490	0.6848	0.6482	(5.3%)	(13.5%)
UK	0.5059	0.4621	0.4514	(2.3%)	(10.8%)
Euro	0.6918	0.6261	0.5930	(5.3%)	(14.3%)
Yen	89.99	82.49	76.99	(6.7%)	(14.4%)
Australia	0.9785	0.9396	0.9147	(2.7%)	(6.5%)



31 January 2016

Environment and market statistics

Sharemarket returns (local currency)

	Month	Year-to-date	Last 12 months	Last 3 years (p.a.)	Last 5 years (p.a.)
US (S&P 500)	(5.1%)	(6.2%)	(2.7%)	9.0%	8.6%
Japan (Nikkei 225)	(8.0%)	(8.8%)	(0.9%)	16.3%	11.3%
UK (FTSE 100)	(2.5%)	(10.2%)	(9.9%)	(1.0%)	0.7%
Germany (DAX)	(8.8%)	(18.1%)	(8.4%)	8.0%	6.7%
France (CAC 40)	(4.7%)	(12.2%)	(4.1%)	5.8%	2.0%
Australia (ASX 200)	(5.5%)	(12.1%)	(6.1%)	5.4%	5.7%
NZ (S&P/NZX 50)	(2.4%)	5.8%	7.4%	13.2%	13.1%
MSCINet div unhedged	(0.5%)	5.6%	6.5%	15.3%	9.6%
MSCINet div 50%hedged	(2.9%)	0.1%	3.5%	13.7%	10.2%
MSCINet div 100%hedged	(5.2%)	(5.5%)	0.2%	11.8%	10.3%

Note:

1. Year-to-date is the period since 1 April 2015.
2. The exchange rates are those on the Reserve Bank website. These are generally updated at 11am each day. The actual exchange rates for the hedging contracts will be the bank's close of business rates, which will be a different exchange rate. The movement in rates from 11am to 11am may be materially different from close of business to close of business.

MCA NZ Limited

PO Box 8811
Symonds Street
Auckland 1150

SuperLife House
41 Charlotte St
Eden Terrace
Auckland 1021

Telephone (09) 375 9800
Facsimile (09) 375 9801
Email mca@mcanz.co.nz

Report type:	Audit & Risk Committee Decision Papers
Recommendation:	That the Board receives and accepts the Auditor Engagement Letters for the audit of the Trusts full and summarised financial statements.
Agenda item no:	10
Subject:	Currency Positions
Responsible for the report:	General Manger

Purpose of report:	To provide the A & R Committee with the Engagements Letters from the Auditor for consideration of the upcoming Audit of the Trusts accounts.
---------------------------	--

Attached are;

1. Engagement Letter for the audit of the Full Financial Statements.
2. Engagement Letter for the audit of the Summarised Financial Statements.

Jonathan Bell

January 19th 2016

19 February 2016

The Trustees
Eastern & Central Community Trust
PO Box 1058
HASTINGS 4156

Attention: Audit & Risk Committee Chair

PRIVATE AND CONFIDENTIAL

Dear Trustees

The objective and scope of the audit

You have requested that we audit the financial statements of Eastern & Central Community Trust ("the trust"), which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive revenue and expense, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

1. The responsibilities of the auditor

We will conduct our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (NZ).

In making our risk assessments, we consider internal control relevant to the entity's preparation of the financial statements 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 entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.

2. The responsibilities of the trustees

Our audit will be conducted on the basis that the trustees acknowledge and understand that they have responsibility:

- (a) For the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards Reduced Disclosure Regime;
- (b) 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; and
- (c) To provide us with:
 - (i) Access to all information of which management and the trustees are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - (ii) Additional information that we may request from management or the trustees for the purpose of the audit; and
 - (iii) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from the trustees written confirmation concerning representations made to us in connection with the audit.

We look forward to full cooperation from your staff during our audit.

3. Distribution of our audit report and controls over electronic distribution methods

If information is presented electronically on a website, the security and controls over information on the website should be addressed by the trust to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of audited financial information on the trust's website is beyond the scope of the audit of the financial statements. Responsibility for the electronic presentation of the financial statements on the entity's website is that of the trustees of the trust.

If the financial statements are published on the trust's website, the Trustees agree to display the following disclaimer in the audit report on the website with the financial statements:

"Matters Relating to the Electronic Presentation of the Audited Financial Statements

This auditor's report relates to the financial statements of Eastern & Central Community Trust for the year ended 31 March 2016 included on trust's website. The trustees are responsible for the maintenance and integrity of trust's website. We have not been engaged to report on the integrity of trust's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The auditor's report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyper linked to / from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related auditor's report dated [date] to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions."

4. Access to working papers

The working papers, including electronic documents and files, for this engagement are the property of Staples Rodway and constitute confidential information.

Requests by third parties for access to our working papers, including those made by parties entitled by law to compel us to provide such access, will be discussed with you before access is given.

Along with other chartered accountancy firms in New Zealand, we are subject to review by Chartered Accountants Australia and New Zealand. In addition, as a registered audit firm, we are subject to the regulation and oversight of auditors by the Financial Markets Authority. We are required to produce any document or other material in our possession or power and co-operate in these review processes. The work we perform for you may be selected by the examiners as part of these reviews. If so, they are obliged to keep all information confidential.

5. Quality of service

It is our desire to provide you at all times with a high quality service to meet your needs. If, at any time, you believe that our service to you could be improved, or if you are dissatisfied with any aspect of our service, please raise the matter immediately with the partner responsible, or with David Sawers, Managing Partner, who can be contacted on telephone (06) 878-7400.

6. Use of auditor's report

Our auditor's report on the financial statements is intended for the benefit of those to whom it is addressed. The audit will not be planned or conducted in contemplation of reliance by any third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

7. Fees

All fees, which will be billed as work progresses, are based on the time required by the individuals assigned to the engagement plus out of pocket expenses. Individual hourly rates vary according to the degree of responsibility involved and the experience and skill required.

Our fees are due for payment on the 20th of the month following invoice.

8. Reporting

At the conclusion of our audit we will issue an auditor's report based on the requirements of ISAs (NZ). The form and content of our report will reflect our audit findings.

This letter of engagement and the appended Staples Rodway Terms and Conditions (together "the contract") form the entire contract between Staples Rodway and the trust for the provision of the services outlined in this letter of engagement. The contract contains all terms and conditions under which the services outlined in this letter of engagement will be performed and replaces any previous terms of engagement (whether written or implied) for the provision of these services. The contract will be effective in future years unless we mutually agree to change it, or it is specifically revoked.

If the arrangements described in the contract are acceptable to you, please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements and our respective responsibilities. If the contents are not in accordance with your understanding of our agreement, we would be pleased to discuss this with you and provide further information as you may require.

Once we have received your signed acceptance of the contract, we will be in a position to commence the engagement.

Yours faithfully
STAPLES RODWAY


Stuart Signal
AUDIT & ASSURANCE SERVICES PARTNER

Acknowledgement of terms

I have read, understood and accept the terms and conditions set out in the above letter and the attached terms of engagement.

I am authorised to accept the terms and conditions on behalf of Eastern & Central Community Trust.

Signature _____

Name _____

Position _____

Date _____

These terms, together with the accompanying engagement letter, apply to all work we carry out for you, unless we agree otherwise in writing.

'We' and 'us' means Staples Rodway, a New Zealand firm of chartered accountants and business advisors. Reference to a SR Member Firm in these Terms and Conditions means, an entity (whether or not incorporated) which is a member of the Staples Rodway network of independent member firms affiliated with Baker Tilly International.

The services we have agreed to provide to you are described in our engagement letter.

In providing the services in the accompanying engagement letter we may use other Staples Rodway Firms to provide administrative assistance to support the operation of our electronic audit tool or to provide assistance in performing professional services relating to this engagement but we will retain sole responsibility for the services.

1 Conflicts of interest

We have procedures in place to identify and respond to conflicts of interest. If a conflict of interest arises we will advise you and discuss an appropriate solution.

2 Confidentiality

We will hold in confidence all confidential or proprietary information concerning you or your affairs that we acquire in the course of providing services to you. We will not disclose such information to any other person unless:

- you instruct us to do so; or
- we are required by law to do so; or
- such disclosure is made for the purpose of complying with Staples Rodway's internal (national and international) quality assurance processes.

We will not disclose to you confidential information belonging to any other client.

You will hold in confidence any proprietary or confidential information belonging to us.

3 Provision of information by you

You agree to provide us promptly with any information or assistance that we reasonably require to perform the agreed services, including access to your premises, staff, records, information technology and other systems. We are entitled to assume the accuracy of any information which you give us or which anyone else gives us on your behalf.

You must notify us promptly if any information you have given us becomes incorrect, misleading or potentially misleading. You must take all reasonable steps to correct any communication or document that refers to or is based upon any such information.

You acknowledge that, because of the size of Staples Rodway and the range of services we provide, the Staples Rodway staff engaged in providing the services covered by this agreement may not receive or

otherwise be aware of information that you may have provided to other Staples Rodway partners and staff in relation to other matters.

4 Our advice and services

We will communicate our advice to you in writing.

You may not rely on any advice given orally, in draft, or on an interim basis.

You agree not to:

- use our services or advice other than for the purpose for which they were sought,
- disclose to any other person any advice or opinion we give you, or
- use our name in connection with any offering document, financial statement, report or other public document,

without our prior written consent.

Our duties are owed to you, they do not extend to any associated persons, such as shareholders, related companies, trustees or employees, or family members.

We do not undertake to update any advice, report or other work product after we have issued it in final form.

5 Our fees

Our fees, or the basis upon which our fees will be calculated, will be set out in the engagement letter or in a separate fees letter.

6 Other charges

In addition to our professional fees, we may incur costs or make payments to third parties on your behalf.

Unless agreed otherwise, we will charge you an additional 2% of our professional fees for routine office expenses and third party charges, such as filing fees, photocopying, research, couriers, on-line search fees, mileage and toll/mobile charges.

We will charge airfares, accommodation and other substantial out-of-pocket expenses separately.

7 Payment

GST (if any) will be added to our fees and other charges.

Our fees and disbursements will be billed as work progresses and are payable on the 20th of the month following, unless we have agreed otherwise with you.

If any amount you owe us is more than 60 days overdue:

- we may charge interest at the rate of 18%;
- we may suspend work; and
- we may exercise a lien over any of your documents that are in our possession.

8 Electronic services and communications

You authorise us to communicate with you and others electronically.

Electronic services and communications can be subject to interference, interception or corruption. We do not represent or warrant that our electronic services or communications will always be accurate, complete, confidential and secure.

9 Your documents

Upon completing the agreed services and payment of our fees and other charges, we will return your documents to you (including share registers or society constitutions). We may retain copies of any documents we return to you.

10 Participation in proceedings

If we are required (by subpoena or otherwise) to produce documents or to participate in any judicial or administrative proceedings to which we are not a party, you will reimburse our costs, as they are incurred, at the standard billing rates of our partners and staff.

You will also pay our reasonable legal expenses in responding to any such request.

11 Limitation of our liability to you

You agree that any claim in relation to the provision of services in this engagement letter can only be made against us and not another SR Member Firm. This obligation has been included specifically for the benefit of other SR Member Firms and each SR Member Firm has the right to rely on this clause as if they were a party to this engagement letter.

12 Your indemnity to us

You must indemnify us, to the maximum extent permitted by law, against any and all costs, expenses or liabilities we incur to any person:

- in relation to any claim against us by a third party arising from or connected with any breach of your obligations to us;
- by relying on any information provided to us by you or on your behalf and which is false, misleading or incomplete.

The provisions of this section apply to the maximum extent permitted by law.

13 Addressing your complaints and resolving disputes

We always welcome your feedback on our services.

If you have a complaint, or would like to discuss how we can improve, please contact the partner or trustee who has overall responsibility for the matter. This person will be identified in the engagement letter.

We are committed to investigating and resolving any concerns or complaints you may have as soon as possible. In some cases, it may be necessary for us to suspend work until the dispute is resolved.

If we cannot agree on the solution to your concern, we will both attempt to resolve the matter through mediation or some other form of alternative dispute resolution, before commencing legal proceedings,

You must commence any court proceedings against us within three years of the cause of action arising.

14 Termination of this agreement

You may terminate this agreement at any time by giving us 30 calendar days prior notice in writing.

We may terminate this agreement for good cause and by giving you 30 calendar days' prior written notice.

Good cause includes:

- if there has been a change of law, rule, regulation or professional standard or a change in circumstance that would cause the continued provision of services by us under this agreement to violate such law, rule, regulation or professional standard or would otherwise, in our reasonable opinion, prejudice our ability to comply with any applicable auditor independence requirement;
- if you fail to provide instructions or information as and when we reasonably require;
- if you fail to pay our fees and expenses on the agreed basis;
- if you become insolvent;
- if our services are suspended for more than 10 days due to non-payment of our fees and charges or a dispute.

If this agreement is terminated, you must pay our fees due up to the date of termination and all expenses incurred up to that date. Terms which shall survive termination of this agreement include those in sections 2 (Confidentiality), 7 (Payment), 11 (Limitation of our liability to you) and 12 (Your indemnity to us).

15 General

Our relationship with you is governed by New Zealand law. New Zealand courts shall have exclusive jurisdiction over any dispute arising out of this agreement or the agreed services.

These terms, and our engagement letter, do not affect any statutory right you may have irrespective of any term of your agreement with us.

The terms of the contractual relationship between us are set out in their entirety in these terms and our engagement letter. No statement or representation that we have made to you that is not recorded in these terms or in our engagement letter shall form part of the contract between us.

19 February 2016

The Trustees
Eastern & Central Community Trust
PO Box 1058
HASTINGS 4156

Attention: Audit & Risk Committee Chair

PRIVATE AND CONFIDENTIAL

Dear Trustees

The objective and scope of the engagement

You have requested that we express an opinion on the Summary Financial Statements of Eastern & Central Community Trust ("the trust"), which comprise the summary statement of financial position as at 31 March 2016, and the summary statement of comprehensive revenue and expense, summary statement of changes in equity and summary cash flow statement for the year then ended, and related notes. We are pleased to confirm our acceptance and our understanding of this engagement by means of this letter.

1. The responsibilities of the auditor

Our responsibility is to express an opinion on the Summary Financial Statements based on our procedures, which will be conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810 "Engagements to Report on Summary Financial Statements."

2. The responsibilities of the trustees

The trustees acknowledge and understand that they have responsibility:

- (a) For the preparation of the Summary Financial Statements in accordance with Financial Reporting Standard 43 – Summary Financial Statements (FRS 43);
- (b) To make the audited financial statements available to the intended users of the Summary Financial Statements without undue difficulty and;
- (c) To include the auditor's report on the Summary Financial Statements in any document that contains the Summary Financial Statements and that indicates that the auditor has reported on them.

3. Reporting

Our report on the Summary Financial Statements will substantially be as follows

To the Trustees of Eastern & Central Community Trust

Report on the Summary Financial Statements

The accompanying summary financial statements of Eastern & Central Community Trust (the Trust) on pages xx to yy, which comprise the summary statement of financial position as at 31 March 2016, and the summary statement of comprehensive revenue and expense, summary statement of changes in equity and summary cash flow statement for the year then ended, and related notes, are derived from the audited financial statements of the Trust for the year ended 31 March 2016. We expressed an unmodified audit opinion on those financial statements in our report dated (date). Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required for full financial statements under New Zealand generally accepted accounting practice. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Trust.

Responsibility of the Trustees for the Financial Statements

The Trustees are responsible for the preparation of a summary of the audited financial statements in accordance with FRS-43: Summary Financial Statements.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (New Zealand) (ISA (NZ)) 810 "Engagements to Report on Summary Financial Statements."

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

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of Eastern & Central Community Trust for the year ended 31 March 2016 are consistent, in all material respects, with those financial statements, in accordance with FRS-43".

Restriction on Use of our Report

This report is made solely to the Trustees, as a body, in accordance with the Community Trusts Act 1999. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trustees, as a body, for our audit work, for this report or for the opinions we have formed.

4. Other engagement terms

This engagement will be carried out on terms consistent to those outlined in our audit letter of engagement dated 19 February 2016 with respect to access to working papers, quality of service, use of auditors report and fees.

If the arrangements described in the contract are acceptable to you, please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for expressing our opinion on the Summary Financial Statements and our respective responsibilities. If the contents are not in accordance with your understanding of our agreement, we would be pleased to discuss this with you and provide further information as you may require.

Yours faithfully
STAPLES RODWAY



Stuart Signal
AUDIT & ASSURANCE SERVICES PARTNER

Acknowledgement of terms

I have read, understood and accept the terms and conditions set out in the above letter and the attached terms of engagement.

I am authorised to accept the terms and conditions on behalf of Eastern & Central Community Trust.

Signature _____

Name _____

Position _____

Date _____

These terms, together with the accompanying engagement letter, apply to all work we carry out for you, unless we agree otherwise in writing.

'We' and 'us' means Staples Rodway, a New Zealand firm of chartered accountants and business advisors. Reference to a SR Member Firm in these Terms and Conditions means, an entity (whether or not incorporated) which is a member of the Staples Rodway network of independent member firms affiliated with Baker Tilly International.

The services we have agreed to provide to you are described in our engagement letter.

In providing the services in the accompanying engagement letter we may use other Staples Rodway Firms to provide administrative assistance to support the operation of our electronic audit tool or to provide assistance in performing professional services relating to this engagement but we will retain sole responsibility for the services.

1 Conflicts of interest

We have procedures in place to identify and respond to conflicts of interest. If a conflict of interest arises we will advise you and discuss an appropriate solution.

2 Confidentiality

We will hold in confidence all confidential or proprietary information concerning you or your affairs that we acquire in the course of providing services to you. We will not disclose such information to any other person unless:

- you instruct us to do so; or
- we are required by law to do so; or
- such disclosure is made for the purpose of complying with Staples Rodway's internal (national and international) quality assurance processes.

We will not disclose to you confidential information belonging to any other client.

You will hold in confidence any proprietary or confidential information belonging to us.

3 Provision of information by you

You agree to provide us promptly with any information or assistance that we reasonably require to perform the agreed services, including access to your premises, staff, records, information technology and other systems. We are entitled to assume the accuracy of any information which you give us or which anyone else gives us on your behalf.

You must notify us promptly if any information you have given us becomes incorrect, misleading or potentially misleading. You must take all reasonable steps to correct any communication or document that refers to or is based upon any such information.

You acknowledge that, because of the size of Staples Rodway and the range of services we provide, the Staples Rodway staff engaged in providing the services covered by this agreement may not receive or otherwise

be aware of information that you may have provided to other Staples Rodway partners and staff in relation to other matters.

4 Our advice and services

We will communicate our advice to you in writing.

You may not rely on any advice given orally, in draft, or on an interim basis.

You agree not to:

- use our services or advice other than for the purpose for which they were sought,
- disclose to any other person any advice or opinion we give you, or
- use our name in connection with any offering document, financial statement, report or other public document,

without our prior written consent.

Our duties are owed to you, they do not extend to any associated persons, such as shareholders, related companies, trustees or employees, or family members.

We do not undertake to update any advice, report or other work product after we have issued it in final form.

5 Our fees

Our fees, or the basis upon which our fees will be calculated, will be set out in the engagement letter or in a separate fees letter.

6 Other charges

In addition to our professional fees, we may incur costs or make payments to third parties on your behalf.

Unless agreed otherwise, we will charge you an additional 2% of our professional fees for routine office expenses and third party charges, such as filing fees, photocopying, research, couriers, on-line search fees, mileage and toll/mobile charges.

We will charge airfares, accommodation and other substantial out-of-pocket expenses separately.

7 Payment

GST (if any) will be added to our fees and other charges.

Our fees and disbursements will be billed as work progresses and are payable on the 20th of the month following, unless we have agreed otherwise with you.

If any amount you owe us is more than 60 days overdue:

- we may charge interest at the rate of 18%;
- we may suspend work; and
- we may exercise a lien over any of your documents that are in our possession.

8 Electronic services and communications

You authorise us to communicate with you and others electronically.

Electronic services and communications can be subject to interference, interception or corruption. We do not represent or warrant that our electronic services or communications will always be accurate, complete, confidential and secure.

9 Your documents

Upon completing the agreed services and payment of our fees and other charges, we will return your documents to you (including share registers or society constitutions). We may retain copies of any documents we return to you.

10 Participation in proceedings

If we are required (by subpoena or otherwise) to produce documents or to participate in any judicial or administrative proceedings to which we are not a party, you will reimburse our costs, as they are incurred, at the standard billing rates of our partners and staff.

You will also pay our reasonable legal expenses in responding to any such request.

11 Limitation of our liability to you

You agree that any claim in relation to the provision of services in this engagement letter can only be made against us and not another SR Member Firm. This obligation has been included specifically for the benefit of other SR Member Firms and each SR Member Firm has the right to rely on this clause as if they were a party to this engagement letter.

12 Your indemnity to us

You must indemnify us, to the maximum extent permitted by law, against any and all costs, expenses or liabilities we incur to any person:

- in relation to any claim against us by a third party arising from or connected with any breach of your obligations to us;
- by relying on any information provided to us by you or on your behalf and which is false, misleading or incomplete.

The provisions of this section apply to the maximum extent permitted by law.

13 Addressing your complaints and resolving disputes

We always welcome your feedback on our services.

If you have a complaint, or would like to discuss how we can improve, please contact the partner or trustee who has overall responsibility for the matter. This person will be identified in the engagement letter.

We are committed to investigating and resolving any concerns or complaints you may have as soon as

possible. In some cases, it may be necessary for us to suspend work until the dispute is resolved.

If we cannot agree on the solution to your concern, we will both attempt to resolve the matter through mediation or some other form of alternative dispute resolution, before commencing legal proceedings,

You must commence any court proceedings against us within three years of the cause of action arising.

14 Termination of this agreement

You may terminate this agreement at any time by giving us 30 calendar days prior notice in writing.

We may terminate this agreement for good cause and by giving you 30 calendar days' prior written notice.

Good cause includes:

- if there has been a change of law, rule, regulation or professional standard or a change in circumstance that would cause the continued provision of services by us under this agreement to violate such law, rule, regulation or professional standard or would otherwise, in our reasonable opinion, prejudice our ability to comply with any applicable auditor independence requirement;
- if you fail to provide instructions or information as and when we reasonably require;
- if you fail to pay our fees and expenses on the agreed basis;
- if you become insolvent;
- if our services are suspended for more than 10 days due to non-payment of our fees and charges or a dispute.

If this agreement is terminated, you must pay our fees due up to the date of termination and all expenses incurred up to that date. Terms which shall survive termination of this agreement include those in sections 2 (Confidentiality), 7 (Payment), 11 (Limitation of our liability to you) and 12 (Your indemnity to us).

15 General

Our relationship with you is governed by New Zealand law. New Zealand courts shall have exclusive jurisdiction over any dispute arising out of this agreement or the agreed services.

These terms, and our engagement letter, do not affect any statutory right you may have irrespective of any term of your agreement with us.

The terms of the contractual relationship between us are set out in their entirety in these terms and our engagement letter. No statement or representation that we have made to you that is not recorded in these terms or in our engagement letter shall form part of the contract between us

Report type:	Audit & Risk Committee Decision Papers
Recommendation:	That the Board receives and agrees to the Audit Plan as provided by the Auditor.
Agenda item no:	11
Subject:	Audit Plan
Responsible for the report:	General Manger

Purpose of report:	To provide the A & R Committee with the Audit plan for their consideration and agreement, from the Auditor, for consideration of the upcoming Audit of the Trusts accounts.
---------------------------	---

Attached is the Audit Plan and associated Fees for the A & R Committee to consider and agree to.

Jonathan Bell

January 19th 2016

REPORT TO THE TRUSTEES

Eastern & Central Community Trust Inc
Statutory audit for the year ended 31 March 2016



19 February 2016

Index

- 1 Report Purpose
- 2 Audit Scope and Responsibilities
- 3 Auditor Independence
- 4 Overview of Planning Procedures
- 5 Key Cycles
- 6 Audit Timetable
- 7 Materiality
- 8 Fees
- 9 Our Team

1 Report Purpose

We are pleased to present our report relating to matters identified during the planning phase of our external audit of Eastern & Central Community Trust (the Trust), for the year ending 31 March 2016 ('reporting date').

Under the requirements of *International Standards of Auditing (New Zealand)* ('ISA(NZ)'s) we are required to undertake certain activities. ISA(NZ) 260 '*Communication of audit matters to those charged with governance*' requires us to communicate certain matters arising from the audit of financial statements to those charged with governance of an entity.

This Report to the Trustees ('board') discharges part of the requirements of ISA(NZ) 260.

2 Audit Scope and Responsibilities

Management is responsible for preparing financial statements that are fairly presented and for implementing appropriate internal control systems. The board has oversight and ultimate responsibility for this process.

Our overall responsibility as external auditor of the Trust is to undertake our audit in accordance with ISA(NZ)'s to express an opinion on the financial statements. Our audit does not relieve you of your responsibilities in relation to the financial statements. We will also provide a report on the Trust summary financial statements.

Our audit will be conducted in accordance with ISA(NZ)'s to provide reasonable assurance that the financial statements present fairly, in all material respects, the financial position of the Trust as at reporting date and its financial performance and its cash flows for the period then ended in accordance with not-for-profit public benefit entities applying reduced disclosure requirements as applicable to Tier 2 entities (PBE IPSAS RDR).

3 Auditor Independence

We confirm we are independent of the Trust.

People and relationships

We confirm none of our partners or staff has any relationships with the Trust that in our professional opinion could impair our independence.

Services

Our firm does not provide any services which are incompatible with auditor independence.

4 Overview of Planning Procedures

We will undertake a risk based audit of the Trust.

Fraud risk

ISA (NZ) 240 *'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements'*, requires us to raise the following matters

- fraud risk in relation to revenue recognition is a presumed significant risk.
- management override of controls is a presumed significant risk.

RISK AREA	EXPLANATION	PLANNED AUDIT APPROACH
<i>Fraud related to revenue recognition</i>	There is a presumption that there are risks of fraud in revenue recognition under the auditing standards.	<p>We have updated our understanding of the Trust's revenue recognition processes as well as the accounting policies to be adopted under the new framework.</p> <p>We are satisfied with the proposed revenue recognition processes and accounting policies.</p> <p>We will carry out substantive procedures over the trust's revenue to assess the accounting treatment as being in line with the proposed accounting policies and accurately recorded and disclosed.</p>
<i>Management override of controls</i>	Management is in a unique position to perpetrate fraud because of the ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Due to the unpredictable nature in which such override could occur, there is always a risk of material misstatement due to fraud.	<p>During our audit planning we did not identify any specific additional risks of management override of controls.</p> <p>We will carry out appropriate substantive procedures over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or otherwise appear unusual.</p>

Financial statement risk

As part of our planning, the following matters have been identified as having heightened audit risk for material misstatement in the financial statements. These areas are those that we have identified as incorporating significant aspects of accounting practice and financial reporting, being subject to management's judgments and accounting estimates and financial statement disclosures.

RISK AREA	EXPLANATION	PLANNED AUDIT APPROACH
Valuation of portfolio investments	Portfolio investments are fundamental to the financial statements as they are significant and carried at fair value with changes in value reported in the Statement of Comprehensive Revenue and Expense (SOCRE).	We will carry out substantive procedures to ensure the investments are accurately recorded and properly disclosed. The revenue verification is a corollary of this work. We will be placing reliance on the reports from service organizations responsible for the investment reporting.
Valuation of derivative financial instruments	Derivatives are carried at fair value with changes in value reported in the SOCRE.	We will carry out substantive procedures to ensure the investments are accurately recorded and properly disclosed.
Accounting for and valuation of non-listed private equity investments	The designation of these investments will determine the accounting treatment. Fair value techniques will be applied to determine fair value.	We will review management's advice and assessment of the accounting treatment to be applied. We will also critically review the methodology applied in arriving at fair value.
New financial reporting framework	New standards and reporting requirements may be incorrectly applied.	We will review the draft financial reporting template and evaluate compliance with disclosure requirements.

5 Key Cycles

With respect to the following key cycles, we plan to update our understanding of the key controls and evaluate their design effectiveness.

- Revenue cycle
- Donations cycle
- Expenditure cycle

We will test the operating effectiveness of the Donations cycle controls on a sample basis throughout the reporting period

6 Audit Timetable

The following outlines the audit timetable that we have agreed with management:

Audit planning with management	11/02/2016
Planning visit & on-site work	17/02/2016
Audit & Risk Committee - plan presentation	25/02/2016
Review of financial reporting template	29/02/2016
Draft financial statements due	02/05/2016
Audit field work commence	03/05/2016
Audit field work finish	13/05/2016
Audit partner clearance	25/05/2016
Audit & Risk Committee - clearance on financial statements	26/05/2016
Board sign-off annual report	26/06/2016
Annual report in Gazette	30/06/2016
Annual public meeting	17/08/2016

7 Materiality

Auditing standards define misstatements and omissions as being material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Our preliminary assessment of the Trust's materiality is based on the level of donations made by the Trust. This is considered to be the most relevant figure for the users of the financial statements of a donor organisation.

Our quantitative preliminary assessment is set at 3% of donations which is \$150,000. We will report to the Board any unadjusted differences identified during the audit that are greater than \$15,000.

We will encourage management to correct any errors identified by audit however, if uncorrected, we will request the Board to confirm that these amounts are not material to the financial statements.

8 Fees

Our fee estimates for the year ended 31 March 2016 are as follows:

	2016	2015
Assurance services:		
Audit of the financial statements	\$16,500	\$16,900
Reporting on summary financial statements	\$900	\$1,200
TOTAL ASSURANCE SERVICES	\$17,400	\$18,100
Other services:		
Agreed upon procedures		\$2,000
Financial reporting matters (framework/multi period donations)		\$2,545
TOTAL OTHER SERVICES	n/a	\$4,545
TOTAL	\$17,400	\$22,645

9 Our Team

Your Staples Rodway Hawkes Bay audit team is:

Engagement partner	Stuart Signal	ssignal@stapleshb.co.nz
Technical support partner	Philip Pinckney	ppinckney@stapleshb.co.nz
Audit supervisor	Vipin Thomas	vthomas@stapleshb.co.nz
Audit team	Corey Hamilton, Shrav Chandra	



www.staplesrodway.co.nz



Report type:	Audit & Risk Committee Information Papers
Recommendation:	That the Board receives and notes the progress of the review of the Risk Register.
Agenda item no:	12
Subject:	Risk Register Review
Responsible for the report:	Cahir of the A & R Committee

Purpose of report:	To update the Committee on the Risk Register Review project.
---------------------------	--

A verbal report will provided at the meeting.

Shelly Mitchell-Jenkins

January 19th 2016