

LIBERTY TRUST

Financial Statements for the Year Ended 31 March 2013

<i>Contents</i>	<i>Page</i>
Directory	1
Auditors Report	2
Notes to the Financial Statements	3
Statement of Financial Performance	7
Statement of Movements in Equity	8
Statement of Financial Position	9
Statement of Fund Flows	10
Fixed Asset and Depreciation Schedule	11

LIBERTY TRUST

Directory For the Year Ended 31 March 2013

LIBERTY TRUST (the Trust) was incorporated under the Charitable Trusts Act 1957 in 1989. The Trust seeks to teach and demonstrate the Bible's financial principles, to bring liberty and advance the Kingdom of God.

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Website: www.libertytrust.org.nz

TRUSTEES

Kelvin Deal (Chairman)

Robert Cleland

Tom McDowall

Colleen Medwin

Jonathan Segedin

ADMINISTRATION

Kerryanne Dalglish BMS (Hons) - Secretary & Treasurer

Jenny McDowall - Marketing & Information

Kathleen Deal - Office Administration

Mark Langridge BSc (Hons) - Computer Modelling

MAJOR SUPPORTING CHURCHES

Baptist Church Whakatane

Liberty Life Church Whakatane

AUDITOR

Peter Reid, B Com, CA, ACIS, Chartered Accountant

ACTUARY

Charles Macdonald, Wellington

Fellow of the New Zealand Society of Actuaries

BANKERS

Westpac New Zealand Limited

SOLICITORS

Keam Standen, Tauranga

INDEPENDENT AUDITOR'S REPORT

To the Readers of the Financial Report of Liberty Trust.

I have audited the financial statements of Liberty Trust on pages 3 to 11, which comprise the statement of the financial position as at 31 March 2013, and the statement of financial performance, statement of movements in equity for the year ended, and a summary of significant accounting policies and other explanatory information.

Committee Responsibilities.

The Committee is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand, this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities.

It is my responsibility to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing (New Zealand). These standards require that I 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. In making these risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation 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. 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

I have formatted these statements from the accounting records provided by the committee. The committee has taken responsibility for the financial statements. Other than in my capacity as auditor I have no relationship with, or interests in, Liberty Trust.

Unqualified Opinion.

In my opinion the financial statements present fairly, in all material respects, the financial position of Liberty Trust as at 31 March 2013 and its financial performance for the year ended in accordance with generally accepted accounting practices in New Zealand.

My audit was completed on 26 June 2013 and my unqualified opinion is expressed as at that date.

Peter A. Reid. B.Com C.A.
Chartered Accountant. Whakatane.



LIBERTY TRUST

Notes to and Forming Part of the Financial Statements For the Year Ended 31 March 2013

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

LIBERTY TRUST (the Trust) is incorporated under the Charitable Trusts Act 1957 and registered under the Charities Act 2005 (Reg CC11287), and seeks to advance the Christian religion, relieve financial burdens and bring benefit to the New Zealand public. Its main activities are teaching and demonstrating the Bible's financial principles to bring liberty and advance the Kingdom of God. A significant portion of its capital is invested in Ark Resources Ltd which lends interest free for New Zealand homes and churches.

Date of Authorisation

The financial statements of the Trust are for the year ended 31 March 2013. The financial statements were authorised for issue by the Board on 11 June 2013.

Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to IFRSs (NZ IFRSs) and other applicable Financial Reporting Standards, as appropriate for public benefit entities that qualify for, and apply, differential reporting concessions.

The Trust is a not-for-profit, public benefit charity. The Trust is required by its trust deed to prepare general purpose financial statements.

Changes in Accounting Policy

There have been no material changes in Accounting Policies. All policies have been applied on bases consistent with those used in previous years.

Differential Reporting

The entity qualifies for differential reporting exemptions as it is not an issuer (as defined in the Financial Reporting Act 2003) in the current or preceding accounting period, and it is not large (i.e. does not exceed any two of the following three size thresholds: total revenue of \$5.0 million, total assets of \$2.5 million, 20 employees).

All available differential reporting concessions allowed under the "Framework of Differential Reporting for Entities Applying New Zealand Equivalents to IFRSs Reporting Regime" have been applied, except for:

* NZ IAS 18.NZ6.1: The Trust's financial statements are prepared on a GST exclusive basis.

Measurement Base

The financial statements are prepared on a going concern basis in accordance with the historic cost convention. The financial statements are presented in New Zealand Dollars (NZD).

Significant Accounting Policies

The following accounting policies have been employed in the preparation of these financial statements:

LIBERTY TRUST

Notes to and Forming Part of the Financial Statements For the Year Ended 31 March 2013

1. Revenue Recognition

Donations are voluntary gifts of cash and are recognised when they are received. All other revenue is recognised when it is earned and realisable.

"Donations from Contributors" - are voluntarily given by regular committed supporters to be applied by the Trustees in furtherance of the Trust's objectives. Income is recognised when it is received.

"Other Donations Received" - donation are voluntarily given by the public to be applied by the Trustees in furtherance of the Trust's objectives. Income is recognised when it is received.

"Interest Received - Ark Resources" is charged at 0.08% of the month end balance of the current debenture balance.

"Interest Received - Call A/c" was interest received from Rabodirect savings account. These funds have now been lent to NZ Baptist Savings and Development at nil interest as part of our charitable lending.

"Book Sales" - were sales of the books "The Money Book for Kiwi Kids", and "The Money Book for Kiwi Teens". These are produced and distributed at low cost in order to teach and demonstrate the Bible's financial principles.

"Other Interest Received" - interest was received on funds in our Westpac bank account.

2. Depreciation

Depreciation is provided on all fixed assets at the rates detailed on the attached Schedule of Fixed Assets and Depreciation. Assets under \$500 are not capitalised.

3. Grants Were Made To:

3,000.00	Churches Education Commission (Bible in Schools)
2,200.00	Liberty Life Centre (Youth & Missions)
1,400.00	Whakatane Baptist Church (Youth & Missions)
1,100.00	Ohope Christian Camp
1,000.00	Bethel House
500.00	Christians Against Poverty
500.00	Family First
500.00	Grapevine Communications
500.00	Habitat for Humanity
500.00	Kingdom Resources Trust
500.00	Light Party
500.00	Ohope Christian Fellowship
500.00	Parents Inc
500.00	Titoki Healing Centre
200.00	Spirit of Adventure sponsorship
\$13,400.00	Total Grants Made during the year ended 31 March 2013

LIBERTY TRUST

Notes to and Forming Part of the Financial Statements For the Year Ended 31 March 2013

4. Wages

Wages are paid to two part-time self-employed persons as secretary/ treasurer and marketing administrator and a small amount (\$239) for other clerical duties. Further hours are provided by non-paid volunteers. Provision is not made for employee benefits.

5. Income Tax

No amounts have been provided for Income Tax as the Trust's income has been declared exempt by the Inland Revenue Department.

6. Valuation of Assets

Bank Accounts, GST Receivable and Charitable Loans are shown at the holding value. Books on Hand are books held for sale and are measured at the lower of cost and net realisable value. Fixed Assets are valued at cost less depreciation.

7. Goods and Services Tax

The statement of financial performance has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which are stated inclusive of GST.

8. Charitable Lending

All charitable lending is always at nil interest in order to advance the Christian religion, relieve financial burdens and benefit the New Zealand public.

\$198,000 of the Charitable Lending of Liberty Trust is currently lent at nil interest to support New Zealand Baptist Savings & Development Society Inc (BSDS), a registered NZ charity established in 1962. This a ministry of encouragement to provide financial support to New Zealand churches and their ministries, secured by a first mortgage taken over land and buildings. These funds may be withdrawn at any time without prior notice.

The remaining lending is advanced without interest to assist families and individuals facing financial hardship. These loans are without security and are to be repaid over 1-3 years.

9. Related Party Transactions

The Trust has a significant ethical investment in Ark Resources Ltd as part of the Trust's charitable activities. All Ark Resources Ltd lending is no-interest and secured by registered mortgages over residential homes and churches.

The advances to Ark Resources Ltd are shown at cost, and are secured by a debenture over the assets of that company. The debenture owed by Ark Resources Ltd to the Trust at 31 March 2012 was \$8,159,687.92 and further advances of \$1,070,400 were made throughout the year. The debenture owed by Ark Resources Ltd at 31 March 2013 was \$9,230,087.92.

The following trustees of the Trust are non-shareholding directors of Ark Resources Ltd: Kelvin Deal, Jonathan Segedin. The trustees receive no income from the Company and the Company's directors receive no income from the Trust.

LIBERTY TRUST

Notes to and Forming Part of the Financial Statements For the Year Ended 31 March 2013

10. Liabilities

Liabilities are recognised when the goods and services to which they relate are received. Liabilities are carried at the amount of cash which is required to settle those liabilities.

11. Provision for Rebates (Liability)

During the Period 1 July 2004 - 31 March 2008 only 50% of contributions received were recognised as income. The remaining 50% were recognised as a rebate liability in the financial statements to be offered back to contributors to be used in one of the following two ways: as a new non-refundable donation to Liberty Trust, or as a payment to Ark Resources in part-payment of any loan owed. The rebate is not offered as cash or for any other purpose.

At 31 March 2013 \$47,323 in rebates had been offered but not yet used by contributors and a further \$500,051 are expected to be offered to contributors over the next five years. These are included in the financial statements as a Term Liability termed "Provision for Rebates" with a total of \$547,374.

12. Capital Commitments & Contingent Liabilities

At the date of this report there are no known future commitments or contingent liabilities for which the Trust may be liable. (2012 = Nil).

The Trust has not granted any securities nor given any guarantees in respect of liabilities payable by it or by any other party.

13. Subsequent Events

There were no known subsequent events impacting on the financial statements reported for the year ended 31 March 2013. (2012 = Nil)

LIBERTY TRUST

Statement of Financial Performance For the Period Ended 31 March 2013

<u>2012</u>	Note	<u>2013</u>
	INCOME	
921,605.77	Donations from Contributors 1	1,065,634.84
	<u>Other Income</u>	
400.00	Other Donations Received	570.00
6,347.24	Interest Rec'd - Ark Resources	7,048.19
1,014.47	Interest Received - Call A/c	-
525.98	Book Sales	504.35
185.78	Other Interest Received	132.14
8,473.47	Total Other Income	8,254.68
<u>930,079.24</u>	Total Income	<u>1,073,889.52</u>
	Less EXPENSES	
500.00	Auditing	500.00
310.86	Bank Connect Fees	1,149.31
1,914.13	Book Expenses	610.00
219.00	Depreciation 2	113.00
173.91	Gifts	27.39
220.00	Legal Fees	3,345.00
6,905.80	Marketing & Advertising	25,079.23
1,864.01	Postage & Stationery	2,425.13
1,069.33	Printing & Photocopying	2,988.17
3,358.69	Travel & Accommodation	2,367.06
897.95	Tolls	1,170.84
480.47	Training, Seminars & Subscript	363.78
23,783.45	Wages 4	29,127.00
41,697.60	Total Expenses	69,265.91
<u>\$888,381.64</u>	NET SURPLUS	<u>\$1,004,623.61</u>
13,200.00	Grants Made 3	13,400.00
<u>\$875,181.64</u>	NET SURPLUS AFTER GRANTS	<u>\$991,223.61</u>

Note: This Statement must be read in conjunction with the accompanying Notes and Audit Report.

R. P. Lewis

LIBERTY TRUST

Statement of Movements in Equity For the Year Ended 31 March 2013

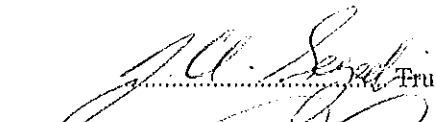
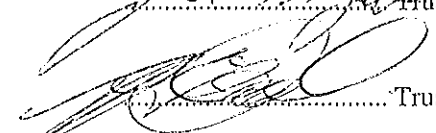
<u>2012</u>		<u>2013</u>
7,062,196.18	OPENING MEMBERS EQUITY	7,937,377.82
	PLUS	
875,181.64	Net Surplus after Grants	991,223.61
<u>875,181.64</u>		<u>991,223.61</u>
<u>\$7,937,377.82</u>	TOTAL MEMBERS' EQUITY	<u>\$8,928,601.43</u>

Note: This Statement must be read in conjunction with the accompanying Notes and Audit Report.

LIBERTY TRUST

Statement of Financial Position As at 31 March 2013

<u>2012</u>		Note		<u>2013</u>
	CURRENT ASSETS			
13,468.65	Westpac - Cheque Account	6	23,296.92	
9,602.98	Ark Resources Ltd - Current	9	17,166.52	
157.04	GST Receivable	7	1,601.08	
3,035.00	Books on Hand	6	2,425.00	
289,900.00	Charitable Loan - NZ Baptist	8	198,000.00	
20,810.00	Charitable Lending - Other	8	8,200.00	
<u>336,973.67</u>	Total Current Assets			250,689.52
	CURRENT LIABILITIES			
1,885.00	Accounts Payable – General	10	4,924.65	
<u>1,885.00</u>	Total Current Liabilities			4,924.65
<u>335,088.67</u>	Net Working Capital			<u>245,764.87</u>
	NON-CURRENT ASSETS			
236.10	Plant & Equipment	6	123.10	
8,159,687.92	Debenture - Ark Resources	9	9,230,087.92	
<u>8,159,924.02</u>	Total Non-Current Assets			9,230,211.02
	TERM LIABILITIES			
557,634.87	Provision for Rebates	11	547,374.46	
<u>557,634.87</u>	Total Term Liabilities			547,374.46
<u>\$7,937,377.82</u>	TOTAL NET ASSETS			<u>\$8,928,601.43</u>
	This is Represented by:			
	MEMBER'S EQUITY			
7,062,196.18	Balance at 01/04/2012			7,937,377.82
875,181.64	Net Surplus after Grants			991,223.61
<u>\$7,937,377.82</u>	TOTAL CAPITAL			<u>\$8,928,601.43</u>


 Trustee

 Trustee
 Date 11 June 2013

NOTE: This Statement is to be read in conjunction with the accompanying Notes and Audit Report.

LIBERTY TRUST

Statement of Fund Flows For the Year Ended 31 March 2013

<u>2012</u>		<u>2013</u>
	<u>Funds Inwards</u>	
921,605.77	Donations from Contributors	1,065,634.84
400.00	Other Donations Received	570.00
525.98	Book Sales	504.35
7,547.49	Interest Received	7,180.33
930,079.24	Total Funds Inwards	1,073,889.52
	<u>less Outgoings</u>	
23,783.45	Wages	29,127.00
6,905.80	Marketing & Advertising	25,079.23
11,008.35	Other Expenses	15,059.68
13,200.00	Grants Made	13,400.00
54,897.60	Total Expenses & Grants	82,665.91
875,181.64	Net Surplus	991,223.61
219.00	Add-back Depreciation	113.00
\$875,400.64	<u>Total Funds Increase</u>	\$991,336.61
	Applied as follows:	
	<u>Increase in Cash Net Worth</u>	
596,161.33	Ark Resources Ltd Investment	1,077,963.54
289,900.00	Charitable Lending – NZ Baptist Savings	(91,900.00)
15,980.00	Charitable Lending - Other	(12,610.00)
(62,863.38)	Bank Account	9,828.27
24,604.42	Accounts Payable	(3,039.65)
16,837.56	Rebate Liability	10,260.41
(3,364.29)	GST Receivable	1,444.04
(1,855.00)	Books on Hand	(610.00)
\$875,400.64	<u>Total Increase in Cash Net Worth</u>	\$991,336.61

Note: This Statement must be read in conjunction with the accompanying Notes and Audit Report.

B. Deed

LIBERTY TRUST

Schedule of Fixed Assets and Depreciation As at 31 March 2013

Asset	Cost Price	Book Value 01/04/2012	Additions Disposals	Gain/Loss on Disposal	Capital Profit	--- Depreciation ---			Accum Dprec 31/03/2013	Book Value 31/03/2013
						Mth	Rate	\$		
<u>PLANT & EQUIPMENT</u>										
Laser 1220 Printer	1,620	2							1	1,619
Admin Computer - EH	625	7							3	621
Admin Computer - KJD	540	134							64	470
Laptop & Accessories	1,071	16							8	1,063
Toshiba Projector	1,600	29							14	1,585
Presario Notebook	755	48							23	730
TOTAL FIXED ASSETS	6,211	236							113	6,088
										123

Note: This Statement must be read in conjunction with the accompanying Notes and Audit Report.

A. Alvi