

# LIBERTY TRUST

## Financial Statements for the Year Ended 31 March 2014

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# LIBERTY TRUST

## Directory For the Year Ended 31 March 2014

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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.

Address: PO Box 2211, Whakatane 3159, New Zealand

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Email: [admin@libertytrust.org.nz](mailto:admin@libertytrust.org.nz)

Website: [www.libertytrust.org.nz](http://www.libertytrust.org.nz)

### **TRUSTEES**

Kelvin Deal (Chairman)

Robert Cleland

Tom McDowall

Colleen Medwin

Jonathan Segedin

### **ADMINISTRATION**

Kerryanne Dalgleish 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 10, which comprise the statement of the financial position as at 31 March 2014, 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 2014 and its financial performance for the year ended in accordance with generally accepted accounting practices in New Zealand.

My audit was completed on 17 June 2014 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 2014

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### **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 2014. The financial statements were authorised for issue by the Board on 8 May 2014.

#### **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.

#### **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 2014

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### 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 0.04% of the month end balance of the current debenture balance.

"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)
1,500.00	Whakatane Baptist Church
1,500.00	Family Education Network
1,000.00	Liberty Ministries Trust
1,000.00	Heavens Sevens
500.00	Christian Network
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	Parents Inc
<u>300.00</u>	Every Nation Fellowship
\$12,300.00	Total Grants Made during the year ended 31 March 2014

# LIBERTY TRUST

## Notes to and Forming Part of the Financial Statements For the Year Ended 31 March 2014

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### 4. Wages

Wages were paid to two part-time self-employed persons as secretary/ treasurer and marketing administrator and a small amount (\$338) for other clerical duties. Further hours are provided by non-paid volunteers.

### 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.

\$111,000 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 2013 was \$9,230,087.92 and further advances of \$929,900 were made throughout the year. The debenture owed by Ark Resources Ltd at 31 March 2014 was \$10,159,987.92.

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 2014

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### 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 2014 \$110,199 in rebates had been offered but not yet used by contributors and a further \$397,318 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 \$507,517.

### 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. (2013 = 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 2014. (2013 = Nil)

# LIBERTY TRUST

## Statement of Financial Performance For the Period Ended 31 March 2014

<u>2013</u>		<u>2014</u>
	<b>INCOME</b>	
1,065,634.84	Donations from Contributors 1	971,788.00
	<u>Other Income</u>	
570.00	Other Donations Received	2,338.20
7,048.19	Interest Rec'd - Ark Resources	3,922.68
504.35	Book Sales	330.44
132.14	Other Interest Received	103.03
8,254.68	Total Other Income	6,694.35
<u>1,073,889.52</u>	Total Income	<u>978,482.35</u>
	Less EXPENSES	
500.00	Auditing	500.00
1,149.31	Bank Connect Fees	559.35
610.00	Book Expenses	375.00
113.00	Depreciation 2	59.00
27.39	Gifts	26.47
-	Internet Fees	37.90
3,345.00	Legal Fees	1,980.00
25,079.23	Marketing & Advertising	20,182.71
2,425.13	Postage & Stationery	2,574.45
2,988.17	Printing & Photocopying	4,176.78
2,367.06	Travel & Accommodation	1,594.81
1,170.84	Tolls	850.20
363.78	Training, Seminars & Subscript	159.44
29,127.00	Wages 4	32,923.50
69,265.91	Total Expenses	65,999.61
<u>\$1,004,623.61</u>	<b>NET SURPLUS</b>	<u>\$912,482.74</u>
13,400.00	Grants Made 3	12,300.00
<u>\$991,223.61</u>	<b>NET SURPLUS AFTER GRANTS</b>	<u>\$900,182.74</u>

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



# LIBERTY TRUST

## Statement of Movements in Equity For the Year Ended 31 March 2014

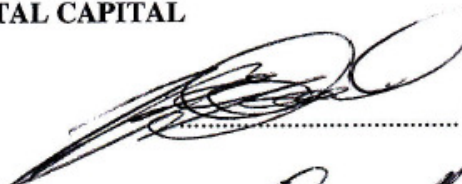
<u>2013</u>		<u>2014</u>
7,937,377.82	OPENING MEMBERS EQUITY	8,928,601.43
	PLUS	
991,223.61	Net Surplus after Grants	900,182.74
<u>991,223.61</u>		<u>900,182.74</u>
<u>\$8,928,601.43</u>	TOTAL MEMBERS' EQUITY	<u>\$9,828,784.17</u>

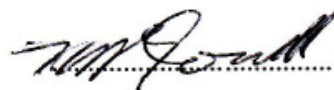
Note: This Statement must be read in conjunction with the accompanying Notes and Audit Report.

# LIBERTY TRUST

## Statement of Financial Position As at 31 March 2014

<u>2013</u>		<u>2014</u>
	<b>CURRENT ASSETS</b>	
23,296.92	Westpac Bank Accounts 6	20,743.25
17,166.52	Ark Resources Ltd - Current 9	45,541.45
1,601.08	GST Receivable 7	1,007.64
2,425.00	Books on Hand 6	2,050.00
198,000.00	Charitable Loan - Baptist Savings 8	111,000.00
8,200.00	Charitable Lending - Other 8	4,100.00
<u>250,689.52</u>	Total Current Assets	<u>184,442.34</u>
	<b>CURRENT LIABILITIES</b>	
4,924.65	Accounts Payable - General 10	8,192.64
<u>4,924.65</u>	Total Current Liabilities	<u>8,192.64</u>
<u>245,764.87</u>	<b>Net Working Capital</b>	<u>176,249.70</u>
	<b>NON-CURRENT ASSETS</b>	
123.10	Plant & Equipment 6	64.10
9,230,087.92	Debenture - Ark Resources 9	10,159,987.92
<u>9,230,211.02</u>	Total Non-Current Assets	<u>10,160,047.02</u>
	<b>TERM LIABILITIES</b>	
547,374.46	Provision for Rebates 11	507,517.55
<u>547,374.46</u>	Total Term Liabilities	<u>507,517.55</u>
<u>\$8,928,601.43</u>	<b>TOTAL NET ASSETS</b>	<u>\$9,828,784.17</u>
	<b>This is Represented by:</b>	
	<b>MEMBER'S EQUITY</b>	
7,937,377.82	Balance at 01/04/2013	8,928,601.43
991,223.61	Net Surplus after Grants	900,182.74
<u>\$8,928,601.43</u>	<b>TOTAL CAPITAL</b>	<u>\$9,828,784.17</u>


 ..... Trustee


 ..... Trustee

Date 8th May 2014

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



# LIBERTY TRUST

## Schedule of Fixed Assets and Depreciation As at 31 March 2014

Asset	Cost Price	Book Value 01/04/2013	Additions Disposals	Gain/Loss on Disposal	Capital Profit	---- Depreciation ---- Mth Rate	\$	Accum Deprec 31/03/2014	Book Value 31/03/2014
<u>PLANT &amp; EQUIPMENT</u>									
Laser 1220 Printer	1,620	1				12 48.0% DV	0	1,619	1
Admin Computer - EH	625	4				12 48.0% DV	2	623	2
Admin Computer - KJD	540	70				12 48.0% DV	34	504	36
Laptop & Accessories	1,071	8				12 48.0% DV	4	1,067	4
Toshiba Projector	1,600	15				12 48.0% DV	7	1,592	8
Presario Notebook	755	25				12 48.0% DV	12	742	13
<b>TOTAL FIXED ASSETS</b>	<b>6,211</b>	<b>123</b>					<b>59</b>	<b>6,147</b>	<b>64</b>

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