

LIBERTY TRUST

Financial Statements for the Year Ended 31 March 2011

<i>Contents</i>	<i>Page</i>
Directory	1
Auditor's Report	2
Notes to the Financial Statements	3
Statement of Financial Performance	6
Statement of Movements in Equity	7
Statement of Financial Position	8
Statement of Fund Flows	9
Fixed Asset and Depreciation Schedule	10

LIBERTY TRUST

Directory For the Year Ended 31 March 2011

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

Phone: 0800 Lib Trust (0800 542 878)

Email: admin@libertytrust.org.nz

Website: 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

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

Rabobank New Zealand

SOLICITORS

Keam & Associates, 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 8, which comprise the statement of the financial position as at 31 March 2011, 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 2011 and its financial performance for the year ended in accordance with generally accepted accounting practices in New Zealand.

My audit was completed on 6 July 2011 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 2011

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

LIBERTY TRUST (the Trust) is incorporated under the Charitable Trusts Act 1957, and seeks to advance the Christian religion, relieve financial burdens and bring benefit to the New Zealand public. It's main activities are teaching and demonstrating the Bible's financial principles to bring liberty and advance the Kingdom of God. A significant portion of it's 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 2011. The financial statements were authorised for issue by the Board on 7 June 2011.

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 entity. The Trust is required by its trust deed to prepare general purpose financial statements. The financial statements are presented in New Zealand Dollars (NZD) rounded to the nearest dollar. The financial statements are prepared on the historical cost basis.

Differential Reporting

The entity qualifies for differential reporting exemptions as it has not issued securities to the public and is not large. 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.

Significant Accounting Policies

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

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.

Valuation of Assets

Bank Accounts are shown at the holding value.

Accounts Receivable have been valued at expected realisable value.

Fixed Assets are valued at cost less depreciation.

LIBERTY TRUST

Notes to and Forming Part of the Financial Statements For the Year Ended 31 March 2011

Depreciation

Depreciation is provided on all fixed assets, as detailed on the attached Schedule of Fixed Assets and Depreciation.

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.

Inventories

Books held for sale are measured at the lower of cost and net realisable value.

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.

2. GRANTS MADE

3,000.00	Churches Education Commission (Bible in Schools)
1,000.00	Kingdom Resources Trust
1,000.00	Habitat for Humanity
1,700.00	Whakatane Baptist Church (Youth camp & missions)
1,000.00	Liberty Life Centre (Community outreach)
500.00	The Life Church (missions)
500.00	Whangamata Baptist (Youth camp)
600.00	Vision Network New Zealand
500.00	Parents Inc
500.00	Christians Against Poverty
500.00	Grapevine Communications
420.00	Family Education Network (Yr Choice)
500.00	Focus on the Family
500.00	Family First
250.00	Challenge Publishing
\$12,470.00	Total Grants Made during the year ended (Date)

3. LEGAL FEES

Ian Millard QC	49,922.32
Patterson Hopkins	4,380.16
Keam & Associates	420.00
Other	1,914.51
Total	\$56,636.99

4. RELATED PARTY TRANSACTIONS

The Trust has a significant ethical investment in Ark Resources Ltd. Ark Resources Ltd lends secured no-interest mortgages over NZ residential homes and churches. The following trustees of the Trust are directors of Ark Resources Ltd: Kelvin Deal, Jonathan Segedin. The directors receive no income or benefit from the Trust.

These advances to Ark Resources Ltd are shown at cost, and are substantially secured by a debenture over the assets of that company. The debenture owed by Ark Resources Ltd to

LIBERTY TRUST

Notes to and Forming Part of the Financial Statements For the Year Ended 31 March 2011

the Trust at 31 March 2010 was \$6,642,998.15 and further advances of \$913,289.77 were made throughout the year including interest of \$7,914.79. The debenture owed by Ark Resources Ltd at (Date) was \$7,556,287.92.

5. PROVISION FOR REBATES

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 2011 \$39,295.50 in rebates had been offered but not yet used by contributors and a further \$535,176.93 are expected to be offered to contributors over the next seven years. These are included in the financial statements as a Term Liability termed "Provision for Rebates" with a total of \$574,472.43.

6. 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. (2010 = Nil).

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

7. SUBSEQUENT EVENTS

On 2 June 2011 the High Court found in favour of Liberty Trust v The Charities Commission. In particular it found that purpose of Liberty Trust is to advance religion and it exists for the public benefit and should be reinstated to the Charities Register.

LIBERTY TRUST

Statement of Financial Performance For the Year Ended 31 March 2011

<u>2010</u>		<u>2011</u>
	INCOME	
882,102.07	Donations from Contributors	953,582.37
	<u>Other Income</u>	
4,326.62	Other Donations Received	3,043.30
6,789.98	Interest Rec'd - Ark Resources	7,914.79
1,062.86	Interest Received - Call A/c	1,068.67
432.89	Book Sales	679.16
41.81	Other Interest Received	105.14
12,654.16	Total Other Income	12,811.06
894,756.23	Total Income	966,393.43
	Less EXPENSES	
780.00	Book Expenses	1,605.00
350.81	Postage & Stationery	2,822.76
3,195.59	Printing & Photocopying	1,718.06
1,893.18	Travel & Accommodation	972.44
133.33	Office Equipment	414.97
35.55	Gifts	-
10,332.00	Grants Made	12,470.00
392.00	Depreciation	421.00
918.45	Tolls	1,241.12
11,604.34	Marketing & Advertising	21,860.24
-	Bank Fees & Interest	21.00
293.50	Training, Seminars & Subscript	248.90
26.50	Accountancy	172.00
403.51	Internet Fees	-
1,086.11	Birthday Celebration	105.87
406.08	Bank Connect Fees	532.95
22,735.47	Administration Wages	23,618.06
652.89	Auditing	500.00
4,500.00	Actuarial Audit	-
12,246.88	Legal Fees	56,636.99
71,986.19	Total Expenses	125,361.36
<u>\$822,770.04</u>	NET SURPLUS	<u>\$841,032.07</u>

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

RHR

LIBERTY TRUST

Statement of Movements in Equity For the Year Ended 31 March 2011

<u>2010</u>		<u>2011</u>
5,398,394.07	OPENING MEMBERS EQUITY	6,221,164.11
	PLUS	
822,770.04	Net Surplus	841,032.07
<u>822,770.04</u>		<u>841,032.07</u>
<u>\$6,221,164.11</u>	TOTAL MEMBERS' EQUITY	<u>\$7,062,196.18</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 2011

<u>2010</u>		<u>2011</u>
	CURRENT ASSETS	
-	Funds for Charitable Lending	25,631.23
6,390.84	Westpac - Cheque Account	41,415.29
138,391.11	Rabobank - Call Account	9,285.51
33,193.86	Ark Resources Ltd - Current	16,841.65
331.61	GST Receivable	3,521.33
2,195.00	Books on Hand	4,890.00
180,502.42	Total Current Assets	101,585.01
	CURRENT LIABILITIES	
2,938.45	Accounts Payable - General	3,363.59
-	Accounts Payable - Legal	23,125.83
2,938.45	Total Current Liabilities	26,489.42
177,563.97	Net Working Capital	75,095.59
	NON-CURRENT ASSETS	
876.10	Plant & Equipment	455.10
-	Charitable Lending	4,830.00
6,642,998.15	Debenture - Ark Resources	7,556,287.92
6,643,874.25	Total Non-Current Assets	7,561,573.02
	TERM LIABILITIES	
600,274.11	Provision for Rebates	574,472.43
600,274.11	Total Term Liabilities	574,472.43
\$6,221,164.11	TOTAL NET ASSETS	\$7,062,196.18
	This is Represented by:	
	MEMBER'S EQUITY	
5,398,394.07	Balance at 01/04/2010	6,221,164.11
822,770.04	Net Surplus	841,032.07
\$6,221,164.11	TOTAL CAPITAL	\$7,062,196.18

 Trustee

 Trustee

Date 7 June 2011

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 2011

<u>2010</u>		<u>2011</u>
	<u>Income</u>	
882,102.07	Donations from Contributors	953,582.37
4,326.62	Other Donations Received	3,043.30
432.89	Book Sales	679.16
7,894.65	Interest Received	9,088.60
894,756.23	Total Income	966,393.43
	<u>less Expenses</u>	
10,332.00	Grants Made	12,470.00
22,735.47	Administration Wages	23,618.06
11,604.34	Marketing & Advertising	21,860.24
4,500.00	Actuarial Audit	-
12,246.88	Legal Fees	56,636.99
10,567.50	Other Expenses	10,776.07
71,986.19	Total Expenses	125,361.36
822,770.04	Net Surplus	841,032.07
392.00	Add-back Depreciation	421.00
\$823,162.04	Total Funds Increase	\$841,453.07
	Applied as follows:	
	<u>Increase in Net Worth</u>	
53,346.82	Bank Accounts	(68,449.92)
(257.41)	GST Receivable	3,189.72
(780.00)	Books on Hand	2,695.00
540.00	Computers & Software	-
-	Charitable Loans	4,830.00
738,153.85	Ark Resources Ltd Investment	896,937.56
7,022.78	Accounts Payable	(23,550.97)
25,136.00	Rebates Liability	25,801.68
\$823,162.04	Total Increase in Net Worth	\$841,453.07

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

LIBERTY TRUST

Schedule of Fixed Assets and Depreciation As at 31 March 2011

Asset	Cost Price	Book Value 01/04/2010	Additions Disposals	Gain/Loss on Disposal	Capital Profit	---- Depreciation ----			Accum Deprec 31/03/2011	Book Value 31/03/2011	
						Mth	Rate	\$			
<u>PLANT & EQUIPMENT</u>											
Laser 1220 Printer	1,620	6					12	48.0% DV	3	1,617	3
Admin Computer - EH	625	27					12	48.0% DV	13	611	14
Admin Computer - KJD	540	497					12	48.0% DV	239	282	258
Laptop & Accessories	1,071	59					12	48.0% DV	28	1,040	31
Toshiba Projector	1,600	108					12	48.0% DV	52	1,544	56
Presario Notebook	755	179					12	48.0% DV	86	662	93
<u>TOTAL FIXED ASSETS</u>	<u>6,211</u>	<u>876</u>							<u>421</u>	<u>5,756</u>	<u>455</u>

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