

LIBERTY TRUST

Financial Statements for the Year Ended 31 March 2008

| <i>Contents</i> | <i>Page</i> |
|---------------------------------------------|-------------|
| Auditor's Report | 1 |
| Notes to the Financial Statements | 2 |
| Statement of Financial Performance | 4 |
| Statement of Movements in Equity | 5 |
| Statement of Financial Position | 6 |
| Fixed Asset and Depreciation Schedule | 7 |

AUDITOR'S REPORT.

To the Trustees of the Liberty Trust

I have audited the Financial Reports on pages 4 - 7. The Financial Report provides information about the past performance of the Liberty Trust and its financial position as at 31 March 2008. This information is stated in accordance with the accounting policies set out on page 2 - 3.

Trustees Responsibilities. The Trustees are responsible for the preparation of the financial statements which reflect the financial position of the Liberty Trust as at 31 March 2008 and the results of the operations for the year ended on that date.

Auditor's Responsibility. It is my responsibility to express an independent opinion on the financial statements presented by the Trustees and to report my opinion to you.

Basis of Opinion.

As an audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements, it also includes assessing; (1) the significant estimates and judgments made by the Trustees in the preparation of the financial statements and (2) whether the accounting policies are appropriate to the Liberty Trust.

I conducted my audit in accordance with generally accepted auditing standards. I planned and performed my audit so as to obtain all the information and explanations which I considered necessary. This was in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

I have prepared the financial statements based on source documentation maintained by the Trustees. The Trustees have taken responsibility for the financial statements. Other than in my capacity as Auditor, I have no relationship with or interest in the Liberty Trust.

Unqualified Opinion.

I have obtained all the information and explanations I have required.

In my opinion proper accounting records have been kept by the Trustees and the Financial Reports on Pages 4 - 7, give a true and fair view and fairly reflects the financial position of The Liberty Trust as at the 31 March 2008 and the results of its operations for the year ended at that date.

My audit was completed on 11 June 2008 and my unqualified opinion is expressed on 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 2008

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

LIBERTY TRUST (the entity) is a Charitable Trust registered under the Charitable Trusts Act 1957, and is registered as a charitable entity with the Charities Commission under registration number CC11287.

DIFFERENTIAL REPORTING

The entity qualifies for differential reporting exemptions as it is not publicly accountable as defined in the Framework of Differential Reporting, and the operation is not considered large when applying the tests contained within the Framework for Differential Reporting. The entity has taken advantage of all differential reporting exemptions.

The application of International Accounting Standards to entities of this size has presently been deferred by the New Zealand Society of Chartered Accountants.

MEASUREMENT BASE

Unless otherwise specified, the measurement base adopted is that of historical cost.

SPECIFIC ACCOUNTING POLICIES

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

Goods and Services Tax

This entity is registered for GST in August 2005 and all expenses are shown exclusive of GST paid, if any, since that date.

Valuation of Assets

- * Cash on Hand and Bank Accounts are shown at the holding value.
- * Accounts Receivable have been valued at expected realisable value.
- * Advances to Ark Resources Ltd are shown at cost, and are secured by a debenture over the assets of that company.
- * Loans to members are shown at expected realisable value. No provision has been made for doubtful debts.
- * Fixed Assets are valued at cost less depreciation.

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.

LIBERTY TRUST

Notes to and Forming Part of the Financial Statements For the Year Ended 31 March 2008

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. RELATED PARTY TRANSACTIONS

The Entity has not undertaken any material transactions with related parties. No related party debts have been written off or forgiven during the year.

3. CAPITAL COMMITMENTS

Nil. (2007 = Nil)

4. CONTINGENT LIABILITIES

The Trust has not granted any securities nor given any guarantees in respect of liabilities payable by it or by any other party. (2007 = Nil)

LIBERTY TRUST

Statement of Financial Performance For the Year Ended 31 March 2008

| <u>YE 31 Mar 2007</u> | | <u>YE 31 Mar 2008</u> |
|-----------------------|--------------------------------|-----------------------|
| | INCOME | |
| 218,995.35 | Donations from Contributors | 262,562.85 |
| 6,953.76 | Interest Rec'd - Ark Resources | 26,394.95 |
| 1,914.85 | Interest Received - Call A/c | 11,837.02 |
| 2,036.73 | Book Sales | 2,566.43 |
| 52.96 | Other Income | 26.49 |
| <u>229,953.65</u> | Total Income | <u>303,387.74</u> |
| | Less EXPENSES | |
| 1,621.67 | Book Expenses | 4,180.77 |
| 6,899.60 | Postage & Stationery | 1,021.71 |
| 1,662.53 | Printing & Photocopying | 1,769.50 |
| 1,521.38 | Travel & Accommodation | 1,108.64 |
| 62.22 | Equipment Maintenance | 102.53 |
| 99.99 | Gifts | 76.42 |
| 7,950.00 | Donations Given | 8,550.00 |
| 1,311.00 | Depreciation | 989.00 |
| 1,585.98 | Tolls | 987.01 |
| 14,402.93 | Marketing & Advertising | 11,777.70 |
| 22.82 | Storage | 11.41 |
| 43.25 | Bank Fees & Interest | 3.37 |
| 269.25 | Training, Seminars & Subscript | 342.63 |
| 4,567.44 | Ministry Gift | - |
| - | Internet Fees | 216.67 |
| 163.57 | Bank Connect Fees | 354.73 |
| 14,930.67 | Administration Wages | 14,447.95 |
| 300.00 | Auditing | 300.00 |
| 525.00 | Legal Fees | 4,335.11 |
| <u>57,939.30</u> | Total Expenses | <u>50,575.15</u> |
| <u>\$172,014.35</u> | NET SURPLUS | <u>\$252,812.59</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 2008

| <u>YE 31 Mar 2007</u> | | <u>YE 31 Mar 2008</u> |
|-----------------------|------------------------|-----------------------|
| 3,107,059.17 | OPENING MEMBERS EQUITY | 3,279,073.52 |
| | PLUS | |
| - | LT Auckland Equity | 1,161,202.06 |
| 172,014.35 | Net Surplus | 252,812.59 |
| <u>172,014.35</u> | | <u>1,414,014.65</u> |
| <u>\$3,279,073.52</u> | TOTAL MEMBERS' EQUITY | <u>\$4,693,088.17</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 2008

| <u>31/03/2007</u> | | <u>31/03/2008</u> |
|-----------------------|------------------------------|-----------------------|
| | CURRENT ASSETS | |
| 2,483.13 | Westpac - Main Account | 1,600.75 |
| 10,286.76 | Call Account | 128,172.63 |
| 76,031.01 | Ark Resources Ltd - Current | 5,531.40 |
| 225.03 | GST Receivable | 253.63 |
| - | Books on Hand | 2,880.00 |
| 89,025.93 | Total Current Assets | 138,438.41 |
| | CURRENT LIABILITIES | |
| - | Accounts Payable | 2,165.00 |
| 6,760.00 | Interest Free Loans Received | - |
| - | Rebates offered | 26,201.78 |
| 6,760.00 | Total Current Liabilities | 28,366.78 |
| 82,265.93 | Net Working Capital | 110,071.63 |
| | NON-CURRENT ASSETS | |
| 1,419.43 | Plant & Equipment | 1,679.10 |
| 4,950.00 | Charitable Lending | 2,900.00 |
| 3,619,231.64 | Debenture - Ark Resources | 5,239,003.81 |
| 3,625,601.07 | Total Non-Current Assets | 5,243,582.91 |
| | TERM LIABILITIES | |
| 428,793.48 | Provision for Rebates | 660,566.37 |
| 428,793.48 | Total Term Liabilities | 660,566.37 |
| <u>\$3,279,073.52</u> | TOTAL ASSETS | <u>\$4,693,088.17</u> |
| | This is Represented by: | |
| | MEMBER'S EQUITY | |
| 3,107,059.17 | Balance at 01/04/2007 | 3,279,073.52 |
| - | LT Auckland Equity | 1,161,202.06 |
| 172,014.35 | Net Surplus | 252,812.59 |
| <u>\$3,279,073.52</u> | TOTAL CAPITAL | <u>\$4,693,088.17</u> |

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 2008

| Asset | Cost Price | Book Value 01/04/2007 | Additions Disposals | Gain/Loss on Disposal | Capital Profit | ---- Depreciation ---- Mth Rate | \$ | Accum Deprec 31/03/2008 | Book Value 31/03/2008 |
|------------------------------|---------------|-----------------------------|------------------------|-----------------------------|-------------------|------------------------------------|------------|-------------------------------|-----------------------------|
| <u>PLANT & EQUIPMENT</u> | | | | | | | | | |
| Laser 1220 Printer | 1,620 | 40 | | | | 12 48.0% DV | 19 | 1,599 | 21 |
| Admin Computer | 625 | 191 | | | | 12 48.0% DV | 92 | 526 | 99 |
| Laptop & Accessories | 1,071 | 423 | | | | 12 48.0% DV | 203 | 851 | 220 |
| Toshiba Projector | 1,600 | 765 | | | | 12 48.0% DV | 367 | 1,202 | 398 |
| Presario Notebook | | | 755 | | | 3 48.0% DV | 91 | 91 | 664 |
| LTA Computer Equipment | | | 494 | | | 11 48.0% DV | 217 | 217 | 277 |
| TOTAL FIXED ASSETS | 4,916 | 1,419 | 1,249 | | | | 989 | 4,486 | 1,679 |

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