



VIET NAM VETERANS AND THEIR FAMILIES TRUST

ANNUAL REPORT

For the period 1 July 2009 - 30 June 2010

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Introduction

The Viet Nam Veterans and Their Families Trust (the Trust) was established on 16 August 2007 by the New Zealand Government together with veterans' organisations. The Trust provides grants to Viet Nam veterans and their families for purposes set out in the Trust Deed. These grants are additional to any existing entitlements, under the War Pensions Act 1954, to which Viet Nam veterans may be entitled.

The Trust was established with a capital endowment of \$7 million for a 30 year period. During that time, the net income derived from the capital will be available for distribution to veterans and their families under the provisions of the Trust Deed.

Administration of the Trust is provided by the Department of Internal Affairs and is separately funded by the Government at no cost to the Trust.

Objectives of the Trust

The objectives of the Trust are set out in the Trust Deed. The Trust provides support to Viet Nam veterans and their families mainly for relief from poverty or hardship through one-off grants.

The Trust Deed is available from www.veteransaffairs.mil.nz.

The Role of Trustees

While the Trust is administered by the Department of Internal Affairs, it is independent of the Government. The Trustees are governed by the provisions of the Trust Deed, and have strong accountability links to the community of veterans for whom the Trust was established.

The Trustees consider all applications received by the Trust and decide, based on each application's merit, whether to make a grant and, if so, for how much.

In addition, it is the role of the Trustees to invest the \$7 million capital to ensure that it is both secure and generates optimal income for the beneficiaries of the Trust and to comply with the provisions of the Trust Deed.

Trustees

There are a minimum of three and a maximum of five Trustees. The appointment of Trustees is decided by the following:

- Minister of Veterans' Affairs and Minister of Defence – one Trustee who is the Chair of the Trust
- Ex-Vietnam Services Association (EVSA) – two Trustees
- Royal New Zealand Returned and Services' Association (RNZRSA) – two Trustees.

The Trustees between July 2009 and June 2010 were:

- Michael Wintringham (Chair)
- Conrad Flinkenberg
- Robert Hill
- Henry Macown
- Dr Alastair MacKenzie.

Settlers

The Minister of Veterans' Affairs and the Minister of Defence, acting on behalf of the Government of New Zealand, are the Settlers of the Trust. They have responsibilities relating to the establishment or disestablishment of the Trust, and maintain the appointment of one Trustee, until the Settlement Repayment date.

Disbursement Meetings

The fund is open all year. The Trustees meet up to six times a year, including an Annual General Meeting. Between July 2009 and June 2010 the Trust met five times on the following dates:

- 31 August 2009 (funding)
- 30 November 2009 (funding)
- 24 October 2009 (Annual General Meeting)
- 1 March 2010 (funding)
- 21 June 2010 (funding).

Financial Comment

In the 2009/2010 financial year the Trust allocated \$255,650 in one-off grants to Viet Nam veterans and their families. Details about the grants made are available in the Chair's Report on pages six and seven of this report.

Chair's Report

Highlights

Since it was established in 2007, the Trust has distributed \$1,309,937. This was made up of:

- 1 July 2009 – 30 June 2010 \$255,650
- 1 November 2008 to 30 June 2009 \$174,110
- 1 November 2007 to 31 October 2008 \$880,177

The large disbursement in the first year of the Trust's operations was due to the Government providing an initial sum of \$350,000 (in addition to the \$7 million capital) to distribute from Day One. At that time, interest rates were also high, generating higher annual income for the Trust to distribute.

The difference in the amounts distributed last year compared with 2008/09 is mainly a function of the months in which our investments mature, and therefore the time at which funds are available for disbursement.

Apart from a small provision for expenses, all income is distributed to veterans and their families.

Other Funding Sources

From time to time we ask applicants either to approach, or for permission for us to approach, other sources of funding such as the Neville Wallace Memorial Trust or the New Zealand Special Air Service Trust (NZSAS), the Lottery Grants Boards or even Veterans' Affairs New Zealand. I realise that this causes delays, but there is a good reason. The more we can tap other sources of funding, the further we can make the Trust money stretch, and the more members of the Viet Nam veterans' community we can help.

The Role of the Trust

The Viet Nam Veterans and Their families Trust is still a unique institution. It doesn't satisfy those veterans who do not accept that the Government has yet done enough to right the wrongs incurred by the Viet Nam veterans and their families. The Trustees understand this, but that is a battle which has to be fought elsewhere. We will do our best to make sure that the Trust does well what it was set up to do, and maintains the confidence of those in the veterans' community, and on behalf of the Government, who negotiated the Memorandum of Understanding in 2006 and 2007.

Last Meeting

In February I advised the Minister of Defence and Minister of Veterans' Affairs that I wished to stand down as a Trustee and Chair of the Trust. I also said that I would stay on until a suitable replacement had been appointed. This is likely to happen shortly (as at the time of writing) so the AGM is likely to be my last Trust meeting.

I have been involved with the Viet Nam veterans for five years, since the Joint Working Group took to the road in 2005. It has been a humbling and rewarding journey for me. I have met some fine people whom I would never have come across in the ordinary course of events. I know that I am better for the experience. I hope I have made a contribution in return.

Our Hosts

I would like to thank the Papanui RNZRSA for being our host for this year's AGM. If we can ensure a reasonable attendance, we will continue to hold the AGMs around the country, so that as many Viet Nam veterans and family members as possible can have the opportunity to front up to us and tell us, frankly, what they think of our performance on their behalf.

Michael Wintringham (Chair)
Viet Nam Veterans and Their Families Trust

Audit Report

To the Trustees Vietnam Veterans & Their Families Trust

We have audited the financial statements on pages 1 to 8. The financial statements provide information about the past financial performance and cash flows of the Trust and its financial position as at 30 June 2010. This information is stated in accordance with the accounting policies set out on pages 5 and 6.

Trustees' Responsibilities

The Trustees are responsible for the preparation of the financial statements which fairly reflects the financial position of the Trust as at 30 June 2010 and the financial performance and cash flows for the year ended on that date.

Auditors' Responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Trustees.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Trustees in the preparation of the financial statements; and
- whether the accounting policies used are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.



We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

Unqualified Opinion

In our opinion the financial statements on pages 1 to 8 fairly reflect the financial position of the Trust as at 30 June 2010 and the financial performance and cash flows for the year ended on that date.

Our audit was completed on 17 September 2010 and our unqualified opinion is expressed as at that date.

A handwritten signature in cursive script that reads "Grant Thornton".

**Grant Thornton New Zealand Audit Partnership
Wellington, New Zealand
17 September 2010**

**VIETNAM VETERANS & THEIR FAMILIES TRUST
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

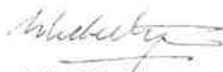
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1

VIETNAM VETERANS & THEIR FAMILIES TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	<u>Note</u>	2010	2009
		\$	\$
Capital Fund			
Accumulated Funds		3,871	44,833
Total Funds		<u>3,871</u>	<u>\$44,833</u>
These Funds are represented by:			
<u>Current Assets</u>			
Bank and Call Deposits	3	110,469	117,666
Short Term Deposits	4	7,000,000	7,000,000
Accrued Interest		7,411	15,326
Total Current Assets		<u>7,117,880</u>	<u>7,132,992</u>
Total Assets		<u>7,117,880</u>	<u>7,132,992</u>
<u>Less Current Liabilities</u>			
Accounts Payable		(3,309)	(2,925)
Trustee Payable		(26,000)	0
Grants, Scholarships and Prizes Payable		(84,700)	(85,234)
Total Current Liabilities		<u>(114,009)</u>	<u>(88,159)</u>
Working Capital		<u>7,003,871</u>	<u>7,044,833</u>
<u>Long Term Liability</u>			
Loan Payable	2	(7,000,000)	(7,000,000)
Total Long Term Liability		<u>(7,000,000)</u>	<u>(7,000,000)</u>
Net Assets		<u>3,871</u>	<u>\$44,833</u>


Michael Wintgringham
Chairman

Date 17 September 2010


Shirley Smith
Chief Financial Officer

The accompanying notes and accounting policies are an integral part of these financial statements.



VIETNAM VETERANS & THEIR FAMILIES TRUST
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2010

	<u>Note</u>	2010 \$	2009 \$
<u>Revenue</u>			
Interest	5	249,909	230,128
Donation received		-	1,400
Total Revenue		<u>249,909</u>	<u>231,528</u>
<u>Less Expenditure</u>			
Grants		255,650	174,110
Audit Fee		2,925	2,813
Travel Expenses		6,023	3,936
Trustees Fees		26,000	-
Other Administration Costs	6	273	823
Total Expenditure		<u>290,871</u>	<u>181,682</u>
Net (Deficit)/Surplus for the Year		<u><u>(\$40,962)</u></u>	<u><u>\$49,847</u></u>

The accompanying notes and accounting policies are an integral part of these financial statements.



**VIETNAM VETERANS & THEIR FAMILIES TRUST
STATEMENT OF MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010	2009
		\$	\$
Opening Funds		44,833	(55,014)
Net (Deficit)/Surplus for the Year		<u>(540,962)</u>	<u>49,847</u>
Closing Funds		<u><u>3,871</u></u>	<u><u>\$44,833</u></u>
Comprising:			
Capital Fund		-	-
Accumulated Funds		<u>3,871</u>	<u>44,833</u>
Total Funds per Statement of Financial Position		<u><u>3,871</u></u>	<u><u>\$44,833</u></u>

Movement in Funds

The Capital Fund is non-distributable whereas Accumulated Funds can be distributed with the approval of the Trustees.

	Jun-10	Jun-09
	\$	\$
Closing Funds	<u>3,871</u>	<u>44,833</u>
Represented By:		
Accumulated Fund		
Opening balance	44,833	(55,014)
Net (Deficit)/Surplus for the year	(540,962)	49,847
Transfer to Capital Fund	-	-
Closing balance	<u><u>\$3,871</u></u>	<u><u>\$44,833</u></u>

The accompanying notes and accounting policies are an integral part of these financial statements.



VIETNAM VETERANS & THEIR FAMILIES TRUST
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	<u>Note</u>	2010 \$	2009 \$
<u>Cash Flows from Operating Activities</u>			
Cash was provided from:			
Interest received		257,823	247,799
Donations received		0	1,400
Cash was disbursed to:			
Payment of Grants		(256,184)	(135,638)
Payments to Suppliers		(8,836)	(7,646)
Net Cash Flows from Operating Activities	7	<u>(7,197)</u>	<u>105,915</u>
<u>Cash Flows from Investing Activities</u>			
Cash was provided from:			
Proceeds from maturity of investments		7,000,000	7,000,000
Cash was applied to:			
Purchase of investments		(7,000,000)	(7,000,000)
Net Cash Flows from Investing Activities		<u>0</u>	<u>0</u>
Net (Decrease)/Increase in Cash Held		(7,197)	105,915
<u>Add Bank Call and Short Term Deposits</u>	3.4	<u>7,117,666</u>	<u>7,011,751</u>
Bank, Call and Short Term Deposits	3.4	<u><u>\$7,110,469</u></u>	<u><u>\$7,117,666</u></u>

The accompanying notes and accounting policies are an integral part of these financial statements.



**VIETNAM VETERANS & THEIR FAMILIES TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Note 1: Reporting Entity

The Trust was established in 16 August 2007 by deed of trust as a relief from poverty or hardship of the Vietnam Veterans and their families and other matters beneficial to the community of Veterans and their families. The Trust may be applied to make discretionary payments to Vietnam Veterans and their families whom the Trustees consider are suffering any medical or health related difficulties connected with the Vietnam Veteran's service. The Trustees shall have regard to but shall not be bound by section 25(1) of the War Pensions Act 1954 (WPA) as if in terms of that section, a request for assistance from the Trust is a claim under the WPA, claiming such a pension.

Note 2: Statement of Accounting Policies

Measurement Base

The financial statements have been prepared on an historical basis.

Accounting Policies

The following particular accounting policies which materially affect the measurement of financial performance and financial position have been applied:

Revenue

The Trust derived income from its investments. Such income is recognised when earned and is reported in the period to which it relates.

Accounts Receivable

Accounts receivable are stated at their expected realisable value after providing for doubtful and uncollectible debts.

Investments

Normally investments are held to maturity. In meeting its liquidity requirements, the Trust maintains a target level of investments that must mature within specified timeframes.

Expenditure

Grants, scholarships and prizes are recognised as expenditure when approved by the Trustee.

Financial Instruments

The Trust is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, debtors, creditors and investments. All financial instruments are recognised in the statement of financial position and all revenue and expenses in relation to financial instruments are recognised in the statement of financial performance.

Taxation

The Trust holds a certificate of exemption from Resident Withholding Tax. The Trust was registered as a Charitable entity under the Charities Act 2005 on 26 February 2008.

Goods and Services Tax (GST)

The Trust is not GST registered. The financial statements have been prepared on a GST inclusive basis.

Loan Payable

The Trust was gifted with \$7,000,000 by the NZ Government for a defined period for the purpose of generating income. The loan is repayable in November 2037.



VIETNAM VETERANS & THEIR FAMILIES TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Statement of Cash Flows

Cash means cash balances on hand, held in bank accounts and demand deposits in which the Trust invests as part of its day to day cash management

Operating activities include all activities other than investing activities. The cash inflows include all receipts from interests from investments and other sources of revenue that support the Trust's operating activities. Cash outflows include payments made for grants and suppliers.

Investing activities are those activities relating to the acquisition and disposal of current and non-current securities.

Change in Accounting Policies

There have been no changes in accounting policies since the date of the last audited financial statements.

Note 3: Bank and Call Deposits	2010	2009
	\$	\$
TSB Bank - Cheque Account	2,659	2,303
TSB Bank - Call Account	107,810	115,363
	<hr/>	<hr/>
Total Bank and Call Deposits	<u>\$110,469</u>	<u>\$117,666</u>

Note 4: Short Term Deposits

As at 30 June 2010	Face Value	Interest Rate	Maturity Date
	\$	%	
ASB	1,200,000	4.55	19.09.10
ANZ	1,200,000	4.20	20.09.10
BNZ	1,200,000	4.10	21.09.10
Kiwibank	1,200,000	4.10	20.09.10
TSB	1,200,000	4.20	18.09.10
Westpac	1,000,000	4.50	11.09.10
	<hr/>		
	<u>7,000,000</u>		

As at 30 June 2009	Face Value	Interest Rate	Maturity Date
	\$	%	
ASB	1,200,000	3.20	24.07.09
ANZ	1,200,000	3.00	24.07.09
BNZ	1,200,000	4.45	14.08.09
Kiwibank	1,200,000	3.00	24.07.09
TSB	1,200,000	4.45	14.08.09
Westpac	1,000,000	4.45	14.08.09
	<hr/>		
	<u>7,000,000</u>		



VIETNAM VETERANS & THEIR FAMILIES TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Note 5: Interest Revenue

The make-up of interest income is as follows:

	30-Jun-10	30-Jun-09
		\$
Bank Deposits	249,909	230,128
Interest received from NZ Government		-
Total Interest Revenue	<u>\$249,909</u>	<u>\$230,128</u>

Note 6: Administrative Costs

The administrative costs of \$273 for the year 2009/10 shown in the Statement of Financial Performance are the only such costs borne by the Trust. The Department of Internal Affairs has an obligation to provide administrative and accounting services to the Trust. The Trustees will be paid trustee fees from 2011 covering their services from the inception of the Trust.

Note 7: Reconciliation from reported Surplus for the Year to Net Cash Flows from Operating Activities

	30-Jun-10	30-Jun-09
	\$	\$
Reported Surplus for the Year	(40,962)	49,847
Adjustments for movements in working capital items:		
Decrease(Increase) in Accrued Interest	7,916	17,670
Increase in Accounts Payable	383	(75)
Increase in Grants Payable	(534)	38,472
Increase in Trustee Fee Payable	26,000	
Net Cash Flows from Operating Activities	<u>(7,197)</u>	<u>\$105,914</u>

Note 8: Financial Instruments**Off Balance Sheet Exposure:**

The Trust had no off balance sheet exposure at 30 June 2010 or during the financial year then ended.

Interest Rate Risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. There are no interest rate options or interest rate swap options in place as at 30 June 2010. The Board does not consider that there is any significant interest exposure on the Trust's investments.

Foreign Currency Risk:

All grants are paid in New Zealand currency. Any currency movement would have no effect on the Trust.

Fair Value:

The carrying cost of financial assets is the fair value.



VIETNAM VETERANS & THEIR FAMILIES TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

Note 9: Related Parties

All transactions were carried out on an arm's length basis and there were no related party transactions.

Note 10: Commitments

There were no commitments as at 30 June 2010 (30 June 2009: Nil)

Note 11: Contingent Liabilities

There were no contingent liabilities as at 30 June 2010 (30 June 2009: Nil).

Note 12: Adoption of New Zealand Equivalents to International Reporting Standards (NZ IFRS)

The FRSB has released a decision that the adoption of NZIFRS may be delayed for entities that are not subject to the Financial Reporting Act 1993 or otherwise required to comply with financial reporting standards approved by the ASRB, are not "publicly accountable", and not "large" as defined in the Framework for Differential Reporting. As a result the Vietnam Veterans and their Families Trust has delayed the adoption of NZIFRS.



STATEMENT OF INVESTMENT POLICY AND OBJECTIVES

Introduction

This Statement of Investment Policy and Objectives (the "SIPO") prepared by the Trustees (Trustees) of the Viet Nam Veterans and their Families Trust (the Trust) sets out the objectives, policies and beliefs governing decisions about investments in relation to that Trust's assets.

This SIPO takes account of the requirements of:

- The Trust Deed constituting the Trust;
- The Trustee Act 1956;
- The Charitable Trusts Act 1957; and
- The Charities Act 2006.

The Trustees intend to review this SIPO annually, or more frequently if there is a significant change in the Trust's circumstances.

Nature of the Trust

The Viet Nam Veterans and their Families Trust was formed on 16 August 2007 through the creation of a Trust Deed in compliance with The Charitable Trusts Act 1957, and under the terms of a Memorandum of Understanding between The Ex-Viet Nam Services Association, The Royal New Zealand Returned and Services Association and Her Majesty The Queen in right of New Zealand Acting Through The Minister of Defence and the Minister of Veterans' Affairs, with \$7 million, and that the settlement is due for repayment 30 years from the date of the Trust Deed.

The Trust is a charitable trust for purposes within or outside New Zealand being the relief from poverty or hardship of Veterans and their Families and other matters beneficial to the community of Veterans and their Families. The Settlor has directed that the Trust Fund must be applied and used exclusively by the Trustees for the objects as the Trustees from time to time decide upon in their absolute discretion.

Investment Objectives

The Trustees will adopt a policy of investing the assets of the Trust across a range of investments designed to achieve the following objectives:

- Maintain equity between present and future generations in terms of the amounts available for distribution on an annual basis.
- Maximise the total amount of income that can be provided by the investments of the Trust over the long term subject to a prudent level of portfolio risk.

Investment Policies

The Trustees have adopted a number of specific investment policies designed to assist in meeting the investment objectives identified in above.

- Trustee responsibilities under the Trust's Trust Deed and under common law and statute (including the Charitable Trusts Act 1957 and the Trustee Act

1956) must be met. The following policies will be interpreted and applied subject to this policy.

- An appropriate level of portfolio risk will be determined and accepted by the Trustees in consultation with professional advisors.
- The portfolio will accept risks in a prudent manner and investment risk will be minimised for the expected level of return.
- Consistent with the stated objectives, the Trustees will demonstrate a preference for investment choices that provide an income flow from the portfolio to allow for stability of grants.
- The capital of the Trust shall not be used for grants.
- Liquidity must be considered and maintained at an appropriate level.
- The investment structure must be able to accommodate changes in the Trust's requirements and the investment environment.
- The portfolio and investment managers will be monitored on an ongoing basis.
- All aspects of the investment process and functions must be reviewed three to five yearly.

Risk

The Trustees regard 'risk' as the likelihood that the Trust fails to achieve the investment objectives set out above. To mitigate this risk, the Trustees have adopted a strategic asset allocation strategy.

Asset Allocation Strategy

The Trustees regard the choice of asset allocation policy as the decision which has the most influence on the likelihood that it will achieve its investment objectives. The Trustees have retained responsibility for this decision which is made on the advice of the Trust's investment consultants who have carried out an asset-allocation study to assess the likelihood of the Trustees' objectives being met.

The strategic asset allocation shown in the table was agreed by the Trustees in February 2008 following the determination of the Investment Strategy.

Strategic Asset Allocation

Sector	Strategy	Rebalancing Ranges
NZ Fixed Interest	90%	80 – 100%
Cash	10%	0 – 20%

It is the Trustees' policy to review the above asset allocation policy annually. If, in the opinion of Trustees, there is a significant change in the capital markets or the circumstances of the Trust, an earlier review will be conducted accordingly.

Authorised Investments

All investments are to be made within the percentage ranges specified in Table 1. No more than 30% of total investments are to be in any one financial instrument.

Authorised Banking Institutions

Banking institutions with which call or term deposits may be held are Bank of New Zealand, Westpac Bank, ANZ National Bank, ASB, TSB, Kiwibank or RaboBank. Not more than 50% of funds invested are to be invested on deposit with any one of the named banks.

Date for next review of the SIPO

The Trustees intend to review this SIPO annually, or if there is a significant change in the Trust's circumstances.

