



VIET NAM VETERANS AND THEIR FAMILIES TRUST

ANNUAL REPORT

For the period 1 November 2008 - 30 June 2009

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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 THE 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
- Ex-Vietnam Services Association (EVSA) – two Trustees
- Royal New Zealand Returned and Services' Association (RNZRSA) – two Trustees.

The Trustees between November 2008 and June 2009 were:

- Michael Wintringham (Chair)
- Conrad Flinkenberg
- Robert Hill (from May 2009)
- Henry Macown
- Alastair MacKenzie
- John Masters (until May 2009).

The Trust farewelled John Masters as a Trustee. He made an enormous contribution to the Trust, just as he has to the Viet Nam veterans' community, and on behalf of other veterans as well.

The RNZRSA has nominated Robert "Bukit" Hill as his replacement. He is in place and already doing a fine job on behalf of the beneficiaries of the Trust.

SETTLORS

The Minister of Veterans' Affairs and 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 November 2008 and June 2009 the Trust met four times on the following dates:

- 10 November 2008 (funding)
- 24 November 2008 (Annual General Meeting)
- 2 February 2009 (funding)
- 25 May 2009 (funding).

FINANCIAL COMMENT

In the eight months between 1 November 2008 and 30 June 2009 the Trust allocated \$174,110 in one-off grants to Viet Nam veterans and their families. Details about the grants are available in the Chair's Report on pages six and seven of this report.

CHAIR'S REPORT

This report is for an eight month year – from 1 November 2008 to 30 June 2009. The reason goes back to the establishment of the Trust in mid-2007. By the time the Trustees had developed an application process, communicated with the beneficiaries, distributed application forms, and considered the first round of applications, it was late 2007. Under the Trust Deed the Trustees can set the financial year. The Trustees decided to make the first financial year 1 November 2007 to 30 October 2008, so we would have some reasonable results to report to the beneficiaries of the Trust.

Now that the Trust has settled into a more regular pattern of operation, we have reverted to a conventional 30 June end of financial year. In this report I will try to set the results for the 8 months in the context of the operations and performance of the Trust since inception.

HIGHLIGHTS

Since it was established in 2007, the Trust has distributed \$1,054,287. This was made up of:

- 1 November 2007 to 30 October 2008 \$880,177
- 1 November 2008 to 30 June 2009 \$174,110

There are three reasons for the smaller sum distributed this year:

1. The result was for eight rather than twelve months as described above.
2. The money available from interest on the \$7 million fund has reduced as interest rates fell rapidly over the last year, from around eight percent to four percent approximately.
3. In its first year of operation the Trust was granted \$300,000 “seed money” for distribution, so that we could start making grants immediately, rather than have to wait for the first tranche of interest income.

The fall in interest rates meant less money was available to distribute as grants. This is shown below by fewer grants being made in the period to 30 June 2009.

1. To 30 October 2008 we approved 117 grants, at an average of \$7522 per grant.

2. In the eight months between 1 November and 30 June 2009 we approved 48 grants, at an average of \$3627 per grant.

This reflects some hard decisions the Trustees have had to make on behalf of the beneficiaries of the Trust. With lower income to distribute, the fact that every approval reduces the balance available for others becomes more important. For that reason, to make the money stretch as far as possible, the Trustees have:

1. tried to direct the funds where there is demonstrable hardship and where the money will make a difference
2. declined more applications (32 in the first year, 48 in the eight months to 30 June 2009), not because they didn't have merit, but often because there was very little information accompanying them on which we could make an assessment;
3. often made a grant at a lower amount than was requested.

We may not always get it right, and applicants can always come back to us if they think we have got it badly wrong.

We have taken some other steps to reduce costs and make the money go further. For example, by reducing the number of times we meet, the travel costs are reduced, and more money is available for grants.

OTHER FUNDING SOURCES

We have tried to establish links with Veterans' Affairs New Zealand (VANZ), the Neville Wallace Memorial Trust and the New Zealand Special Air Service (NZSAS) Trust. If an applicant to our Trust would qualify for funding from VANZ, or if the other funds have money available which our applicant could qualify for, then it would make our money go further if they accessed those sources first. It is not easy. We try to respect the privacy of those who apply to us; and don't want to give applicants the run-around. But if applicants find themselves in that position, please try to remember that we are doing our best to stretch the dollar among many applicants, some of whom have nowhere else to go.

We will try to build on these relationships for the benefit of the Viet Nam veterans' community.

A UNIQUE INSTITUTION

The Trust is highly unusual. In some ways it was an experiment by the Government - to pass over an income stream, from public money, to a group to set their own priorities (within the limits of the Trust Deed), and see to the wellbeing of their own community or whānau. Its success relies a lot on: trust and goodwill between the beneficiaries of the Trust and the Trustees; the honesty of the applicants; the carefulness of the Trustees; and the confidence that the Government has in the administration of the Trust. So far so good. We need to keep it that way.

OUR HOSTS

I thank the Taradale 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 look us in the eye and tell us what they think of our performance on their behalf.

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

Audit Report

Grant Thornton

PO Box 10712
Level 13
AXA Centre
80 The Terrace
Wellington 6143
New Zealand

T +64 (0)4 474 8500
F +64 (0)4 474 8509
E info@gtvn.co.nz
www.grantthornton.co.nz

To The Members Of The Vietnam Veterans And Their Families Trust

We have audited the financial report on pages 1 to 8. The financial report provides information about the past financial performance of the Trust and its financial position as at 30 June 2009. This information is stated in accordance with the accounting policies set out in Note 1 to the Financial Statements on pages 5 and 6.

Trustee's Responsibilities

The Trustees are responsible for the preparation of a financial report, which fairly reflects the financial position of the Trust as at 30 June 2009 and of the results of operations and cash flows for the period ended.

Auditors' Responsibilities

It is our responsibility to express to you an independent opinion on the financial report 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 report. It also includes assessing:

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

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations that we considered necessary. We obtained sufficient evidence to give reasonable assurance that the financial report is 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 report.

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

Business Advisers & Chartered Accountants

Grant Thornton Wellington, an independent member firm of Grant Thornton New Zealand.
Other independent member firms in Auckland, Christchurch and Dunedin. Grant Thornton New Zealand is a member of Grant Thornton International Limited.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion, the financial report on pages 1 to 8 fairly reflects the financial position of the Trust as at 30 June 2009 and the results of its operations and cash flows for the period ended on that date.

Our audit was completed on 25 August 2009 our unqualified opinion is expressed as at that date.



**GRANT THORNTON
WELLINGTON**

**VIETNAM VETERANS & THEIR FAMILIES TRUST
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2009**

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VIETNAM VETERANS & THEIR FAMILIES TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2009

	<u>Note</u>	30-Jun-09 \$	31-Oct-08 \$
Capital Fund			
Accumulated Funds		44,833	(5,014)
Total Funds		44,833	(\$5,014)
These Funds are represented by:			
<u>Current Assets</u>			
Bank and Call Deposits	3	117,666	11,752
Short Term Deposits	4	7,000,000	7,000,000
Accrued Interest		15,326	32,996
Total Current Assets		7,132,992	7,044,748
Total Assets		7,132,992	7,044,748
<u>Less Current Liabilities</u>			
Accounts Payable		(2,925)	(3,000)
Grants, Scholarships and Prizes Payable		(85,234)	(46,762)
Total Current Liabilities		(88,159)	(49,762)
Working Capital		7,044,833	6,994,986
<u>Long Term Liability</u>			
Loan Payable	2	(7,000,000)	(7,000,000)
Total Long Term Liability		(7,000,000)	(7,000,000)
Net Assets		44,833	(\$5,014)


Michael Wintringham
Chairman


Shirley Smith
Chief Financial Officer

Date 25 August 2009

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 PERIOD ENDED 30 JUNE 2009**

	<u>Note</u>	8 Months to 30-Jun-09 \$	Period to 31-Oct-08 \$
<u>Revenue</u>			
Interest	5	230,128	819,665
Refund of resident withholding tax		-	65,128
Donation received		1,400	-
		<hr/>	<hr/>
Total Revenue		231,528	884,793
		<hr/>	<hr/>
<u>Less Expenditure</u>			
Grants		174,110	880,177
Audit Fee		2,813	3,000
Travel Expenses		3,936	6,630
Other Administration Costs	6	823	-
		<hr/>	<hr/>
Total Expenditure		181,682	889,807
		<hr/>	<hr/>
Net Surplus for the Period		49,847	(\$5,014)
		<hr/> <hr/>	<hr/> <hr/>

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 PERIOD ENDED 30 JUNE 2009

	Note	8 Months to 30-Jun-09 \$	Period to 31-Oct-08 \$
Opening Funds		(5,014)	-
Net Surplus for the Period		49,847	(5,014)
Closing Funds		<u>44,833</u>	<u>(\$5,014)</u>
Comprising:			
Capital Fund		-	-
Accumulated Funds		44,833	(5,014)
Total Funds per Statement of Financial Position		<u>44,833</u>	<u>(\$5,014)</u>

Movement in Funds

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

	Jun-09 \$	Oct-08 \$
Closing Funds	44,833	(5,014)
Represented By:		
Accumulated Fund		
Opening balance	(5,014)	\$0
Net Surplus for the period	\$49,847	(5,014)
Transfer to Capital Fund	-	-
Closing balance	<u>\$44,833</u>	<u>(\$5,014)</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 PERIOD ENDED 30 JUNE 2009

	<u>Note</u>	8 Months to 30-Jun-09 \$	Period to 31-Oct-08 \$
<u>Cash Flows from Operating Activities</u>			
Cash was provided from:			
Grant from NZ Government		-	7,000,000
Interest received		247,799	786,669
Refund of withholding Tax		-	65,128
Donations received		1,400	
Cash was disbursed to:			
Payment of Grants		(135,638)	(833,415)
Payments to Suppliers		(7,646)	(6,630)
Net Cash Flows from Operating Activities	7	105,914	7,011,752
<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		0	0
Net Increase/(Decrease) in Cash Held		105,914	7,011,752
<u>Add Bank Call and Short Term Deposits</u>	3,4	7,011,752	0
Bank, Call and Short Term Deposits	3,4	\$7,117,666	\$7,011,752

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 PERIOD ENDED 30 JUNE 2009**

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.

Balance Date

The Trustees, in their Annual General Meeting held on 24 November 2008 made a decision to change the Trust's balance date from 31 October to 30 June.

VIETNAM VETERANS & THEIR FAMILIES TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2009

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	30-Jun-09	31-Oct-08
	\$	\$
TSB Bank - Cheque Account	2,303	6,621
TSB Bank - Call Account	115,363	5,131
	<hr/>	<hr/>
Total Bank and Call Deposits	\$117,666	\$11,752
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Note 4: Short Term Deposits

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/>		
	7,000,000		
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As at 31 October 2008	Face Value	Interest Rate	Maturity Date
	\$	%	
TSB	1,500,000	8.09	04.12.08
ANZ	1,900,000	8.16	28.11.08
BNZ	1,700,000	7.29	28.11.08
TSB	400,000	7.00	28.11.08
Kiwibank	1,500,000	8.00	28.11.08
	<hr/>		
	7,000,000		
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VIETNAM VETERANS & THEIR FAMILIES TRUST
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2009

Note 5: Interest Revenue

The make-up of interest income is as follows:

	8 Months to 30-Jun-09	Period to 31-Oct-08
	\$	\$
Bank Deposits	230,128	519,665
Interest received from NZ Government	-	300,000
Total Interest Revenue	<u><u>\$230,128</u></u>	<u><u>\$819,665</u></u>

Note 6: Administrative Costs

The administrative costs of \$823 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 services of Trustees are provided on an honorary basis.

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

	8 Months to 30-Jun-09	Period to 31-Oct-08
	\$	\$
Reported Surplus for the Period	49,847	(5,014)
Adjustments for movements in working capital items:		
Decrease/(Increase) in Accrued Interest	17,670	(32,996)
Increase in Accounts Payable	(75)	3,000
Increase in Grants Payable	38,472	46,762
Net Cash Flows from Operating Activities	<u><u>105,914</u></u>	<u><u>\$11,752</u></u>

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

The Trust had no off balance sheet exposure at 30 June 2009 or during the financial period 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 2009. 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 PERIOD ENDED 30 JUNE 2009

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 2009. (31 October 2008: Nil)

Note 11: Contingent Liabilities

There were no contingent liabilities as at 30 June 2009. (31 October 2008: 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.

