

NATIONAL PACIFIC RADIO TRUST



Annual Report 2012



PACIFIC MEDIA NETWORK



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For the year ending 30 June 2012

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PACIFIC MEDIA NETWORK

Celebrating the Pacific Spirit

MISSION

Pacific Media Network is a public interest broadcaster targeting pacific peoples to empower, encourage and nurture pacific cultural identity and economic prosperity in Aotearoa.

VALUES

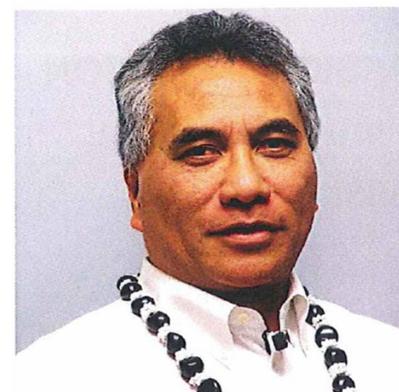
The core values that guide us in our work and relationships with people are: -

- ***Positive Leadership***
- ***Communication***
- ***Teamwork***
- ***Excellence***
- ***Respect***
- ***Honesty***
- ***Responsibility***
- ***Integrity***
- ***Trust***
- ***Fairness***
- ***Innovation***
- ***Courage***

CHAIRPERSON'S REPORT

APPRECIATION

This report is for the year ending 30 June 2012. On behalf of the National Pacific Radio Trust (NPRT) Board I extend my thanks and appreciation to the Hon Craig Foss, Minister of Broadcasting; the Hon Christopher Finlayson, Minister of Culture & Heritage; the Hon Hekia Parata, Minister of Pacific Island Affairs; and the Hon Tariana Turia for their respective interests and support of the NPRT and its Pacific Media Network (PMN) operations.



OUR CEO: MR TOM H. ETUATA

We record with great sadness and regret that Mr Tom Hardley Etuata, Chief Executive Officer of Pacific Media Network, died suddenly at his home on 27 October 2012. Mr Etuata was our CEO from 2009 after an initial appointment as Acting CEO in 2008. We extend our condolences to Mr Etuata's wife, daughter, parents, extended family and friends. And we commend Mr Etuata for his work and leadership in the Pacific Media Network and the community.

DETAIL

In December 2011 and January 2012 the PMN moved from cramped, unsuitable, premises in Ponsonby to the 4th floor of low-rise premises in Manukau Square. Mr Etuata and his executive team negotiated the funding, the project management and the contractors for the fit-out and the subsequent transfer of operations which are now settled in the new location. During the physical relocation and transfer, an event fraught with many contingencies nearly all of which eventuated, from Ponsonby studios to Manukau the PMN broadcasting continued without interruption thanks to, CEO, Mr Etuata and his PMN staff. The new Manukau studios were officially opened in 05 April 2012 attended and supported by the Hon Tariana Turia.

Commissioned jointly with Whitireia, in 2011, new studios were shuttered when earthquake proofing requirements later forced Whitireia to close the doors. The PMN is looking for a new location in Wellington.

In this report, my second as NPRT's chairman, FYE 30JUNE12, we report an un-forecast 21% growth in our top line to \$5.3M (2011 up 9% to \$4.4M) including one-off \$0.72M relocation funds from NZ On Air; 13% growth in our waist line to \$4.9M; and extraordinary 1,012% growth in our bottom line to \$0.38M (or \$24k if one-off items are removed). These extraordinary rates are not likely to be repeated next year.

Finding good sales people continues to be difficult and it is therefore pleasing to grow commercial revenue: acceptably up 5% to \$0.67M for Niu FM; and pleasingly up 34% for 531pl to \$0.7M

Net Cash From Operating Activities rose 341.4% to \$0.84M (2011 up 198% to \$0.19M) but Year End Cash & Cash Equivalents fell 29% to \$76K (2011 up 244% to \$106k) matched by 32% growth to \$0.37M in Trade & Other Receivables as a few larger customers delayed their payments. To counter this we increased our collections-vigilance (with associated costs). Parent & Group equity rose 97% to \$0.77M (2011 up 10% to \$390k) to continue very necessary year-on-year growth in equity.

During the year selected Board members and PMN executives conducted the annual community consultations with Pacific Island communities – in Tauranga and Napier this year. Some very instructive and constructive feedback has since been used to amend the NPRT's views on market segmentation.

Last year we commented on the erosion of radio's prominent social positioning in the 21st century and the necessity for radio to be ever more relevant and agile in finding and meeting stakeholders' shifting needs. So FYE 30JUNE12 it was timely to see the PMN teams for sales & marketing, programming and production take solid steps to expand the PMN beyond radio and in the direction of a genuine media enterprise with the capacity and capability to engage stakeholders through media and Internet channels outside the standard radio broadcast. This has involved growth in skills to more effectively use social media. And trials to seed broadcasts with Google Ad-words: a sector first.

Annual funding has been transferred smoothly to NZ On Air to whose Chief Executive, Ms Jane Wrightson, and Board we extend our thanks and appreciation for the responsive and thoughtful assistance provided for the NPRT and PMN.

We continued to receive regular support and notifications from the Ministry of Culture and Heritage, notably Mr Rob Greenfield, and we are thankful for this.

The transfer of operations from Ponsonby to Manukau has highlighted the NPRT's dependence upon NZ ON Air funding for capital expenditure funding. The NPRT and the PMN therefore aim to continue commercial revenues growth (up 18% to \$1.4M) and margins so as to create a capital expenditure buffer to supplement NZ On Air funding.

SUMMARY

The year was a good year, by and large, of achievement in the PMN's operating targets. It was year marked by very significant changes in funding sources and physical location. One off funding raised the top line and bottom line significantly. Because the year's underlying overall operating performance was slightly better than budgets FYE 30JUNE12 we expect no extraordinary





gains FYE 30JUNE13. The NPRT and PMN aim to continue growth in commercial revenues and margins. Social media skills and Google Ad-words seeds are now part of the PMN drive to realise the extents of being a 21st century media company.

We again finish with: "God bless Aotearoa New Zealand."



ULUOMATOOTUA SAULAU AIONO OMNZ
CHAIRMAN



EXECUTIVE TEAM REPORT

Fakaalofa lahi atu kia mutolu oti

Talofa Lava

Bula Vinaka

During the first 7 months of the year Pacific Media Network planned its relocation to the Manukau premises where broadcasting commenced in January 2012. Operational stability was our number one priority during this relocation. We were adamant that there would be no disruption to the listeners of our stations during this time. The radio programmes had to be broadcast, news recorded and promotions held.

We are delighted to be able to say that there were no substantial disruptions in the reporting period 1 July 2011 to 30 June 2012, to core services for the listeners of Niu FM and 531pi who were able to access the broadcasting services.

The relocation has certainly brought the Pacific communities closer and given them better access, to PMN. The Network continues to celebrate the Pacific spirit, by entertaining and informing our Pacific communities here in New Zealand and around the world.

Whilst our broadcasting outputs for the Pacific communities have remained balanced, this year continued to be financially challenging for PMN. We are therefore pleased to report a modest positive financial position. There have been slight improvements in both the Niu FM and 531 pi advertising revenues. PMN has continued to control costs without impacting the services provided to the community. Cost savings have been identified while our staff have maintained, and in many cases improved, service levels. We aim to review, adapt and be more innovative and creative in future in the ways we promote and market ourselves, and our support of various Pacific promotions and events.

NZ On Air has become our funding agency for this year and the future. The additional capital grant of \$725,000 from NZ On Air has greatly assisted PMN with relocation and essential upgrades to some of our dated technologies. We have built on past working relationships and strive to enhance this with the board and management of NZ On Air.

Major achievements in the period:

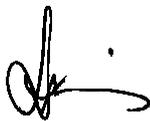
- Relocation to the Manukau premises with no major disruption to service provided
- Broadcast new services provided in English and 9 other Pacific languages
- Delivered services with consistent high standards

Marketing and Promotions continued to have a busy year taking our brands to key events such as Pasifika Festival, Polyfest, NZ Pacific Sports and The Mixer Concert under the Southside Arts Festival. Street activity promotion increased as part of our strategy to build awareness and community engagement outside and beyond the radio studios. A key event was the official launch of the new Pacific Media Network offices. Just outside the new premises is Manukau Square – a great outdoor space to host PMN events. We have already had a few events including a Christmas Show that saw over 1500 listeners attend. As well as being part of and supporting over 100 events (on air & ground) – Marketing and Promotions strengthened its online social networks allowing further engagement with listeners and cost effective promotion of our brands and activities.

PMN teams for sales & marketing, programming and production took solid steps to expand the PMN beyond radio and in the direction of a genuine new media enterprise with the capacity and capability to engage stakeholders through media and Internet channels outside the standard radio broadcast. This has involved growth in skills to more effectively use social media. Trials included Google Ad-words, Web streaming and On Site Broadcast.

We are also dedicated to developing a strong and cohesive organisational culture over the next year, incorporating the best values and behaviours. We have a committed team of staffs at PMN who are passionate about their work with our communities and we the executive team thank the board and staff for their ongoing hard work and support in what has been another challenging year.

With the unfortunate passing of our CEO, Mr Tom Etuata at the time of this report, looking ahead, we are committed to delivering the best to our listeners and advertiser's who have supported us over the years.



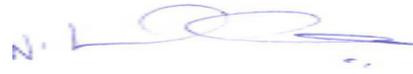
Mr.Patrick Lino

Interim Joint CEO



Mr.Krishna Sharma

Interim Joint CEO



Mr.Lechu Lakshmanan

CFO

BACKGROUND

LEGAL STATUS

NATIONAL PACIFIC RADIO TRUST INC (NPRT)

The NPRT is established by Deed of Trust dated 22 July 2002 made between Her Majesty the Queen in Right of New Zealand acting through the Minister of Pacific Island Affairs and the Minister of Broadcasting and the Trustees.

The registered office of the Trust is Level 4, Merial Building, 2 Osterley Way, Manukau, Auckland, New Zealand.

Legal Advisor: John Burley

NPRT Solicitor – Mcveagh Fleming

TRUST DEED

The Trust is guided by the objectives in the Deed of Trust that clearly outline the role and objectives the Trust and Network are tasked to achieve and deliver.

PURPOSE OF THE NATIONAL PACIFIC RADIO TRUST¹

The principal purpose of the National Pacific Radio Trust Board Inc (NPRT) is to establish and maintain a national Pacific radio network that delivers quality programming, and to ensure the responsible stewardship of assets of the network - as consistent with the Objectives provided for in its Deed of Trust (Deed).

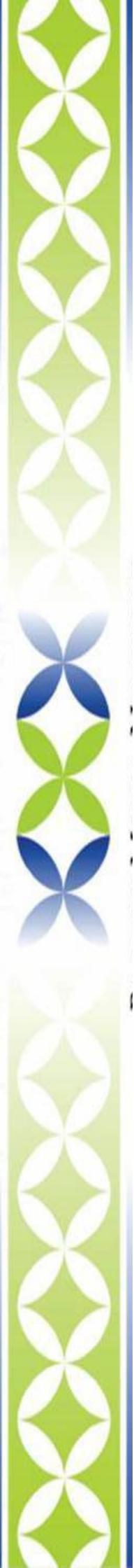
OBJECTIVES OF THE TRUST²

To deliver a national Pacific radio network that is a vehicle for:

- Providing an authoritative, accurate, current and reliable information source to Pacific people, reinforcing their languages, values, beliefs and culture in New Zealand;
- Promoting, motivating, inspiring and encouraging the better education of Pacific communities throughout New Zealand;
- Facilitating and contributing to Pacific peoples' education, employment, housing, health, and social development in New Zealand in order to
- contribute to Pacific peoples' well-being and for relief of poverty;
- Linking Pacific communities in New Zealand regionally, nationally and
- providing access to international news and events;
- Harnessing and growing the best available Pacific broadcasting and management talent throughout New Zealand so that the network as a

¹ Deed clause 4

² Deed clause 5





community-owned platform is sustainable and delivers a quality service;

- Providing a means for Pacific musicians, businesses, services and artists to communicate and exchange information and ideas;
- Promoting effective avenues for training Pacific people in broadcasting and advocating for and on behalf of Pacific people in the media;
- Providing a medium for issues of special interest groups such as the young, elderly and disabled Pacific people to be discussed;
- Providing mechanisms for measuring efficiency and effectiveness of the Network; and
- Providing a window through which the rest of New Zealand can be better informed about the lives of Pacific communities throughout New Zealand.

OBJECTIVES OF THE NETWORK

The Network shall operate consistently with this Trust Deed, and the Government's broadcasting standards and Purchase Agreement, and will contribute to the general goal in New Zealand of reducing inequalities experienced by minority groups such as Pacific peoples' communities, and will assist Pacific communities to build their capacity by:

- Providing a communication mechanism linking Pacific communities regionally and nationally to debate topical issues, and to coordinate and organise themselves around activities that will assist in community development that is conducive to the education, employment, housing, health, immigration as well as the social and economic development of Pacific people in New Zealand;
- Providing an effective communication vehicle which promotes the fostering and maintenance of Pacific languages through quality programming in Pacific languages;
- Supporting, promoting and enhancing the exposure of Pacific music, artistic talents and culture;
- Communicating timely and accurate information on programmes and services and how to access these;
- Providing opportunities for the development to build a pool of quality Pacific broadcasters; and
- Doing such other things as may from time to time be necessary or desirable to give effect to and in order to attain the Objectives of Trust.

DIRECTORY

NATIONAL PACIFIC RADIO TRUST BOARD MEMBERS

Uluomatootua Saulaulu Aiono	Chair
Dr James Prescott	Deputy Chair
Willie Johnston	Treasurer & Chair – Audit and Finance
Brian Chamberlin	Secretary
Sandra Kailahi	Trustee
Susana Lei'ataua	Trustee

Pacific Media Network Senior Executive Team

Late Tom Etuata	Chief Executive
Lechu Lakshmanan	Chief Financial Officer
Patrick Lino	Network Programme Director
Krishna Sharma	Business Development Director

LOCATIONS AND CONTACT DETAILS

Website: www.pacificmedianetwork.com

Auckland – Head Office and Auckland Studios

Niu FM Radio Network, Radio 531pi, Pacific Radio News
Level 4, 2 Osterley Way, Manukau, Auckland, New Zealand
PO Box 97601, Manukau, Auckland, New Zealand
Phone: +64 9 361 6656 Fax: +64 9 361 3966
Niu FM Studio Toll Free: 0800 223 103
Radio 531pi Studio Toll Free: 0800 000 531

Wellington – Regional Office and Studio

Niu FM Radio Network, Pacific Radio News and Wellington Sales
Level 1, 35 Ghuznee Street, Te Aro, Wellington City, New Zealand
PO Box 27 247, Wellington, New Zealand
Phone: +64 4 385 7210 Fax: +64 4 385 7210





PACIFIC MEDIA NETWORK: FREQUENCIES

Niu FM Radio Network

Whangarei	103.6 FM
Auckland	103.8 FM
Hamilton	103.4 FM
Rotorua	103.9 FM
Taupo	103.9 FM
Manawatu	103.4 FM
Taranaki	103.6 FM
Hawkes Bay	103.9 FM
Wellington	103.7 FM and 104.1 FM
Christchurch	104.1 FM
Dunedin	103.8 FM
Invercargill	103.6 FM

Internet Online Streaming: www.niufm.com

Radio 531pi

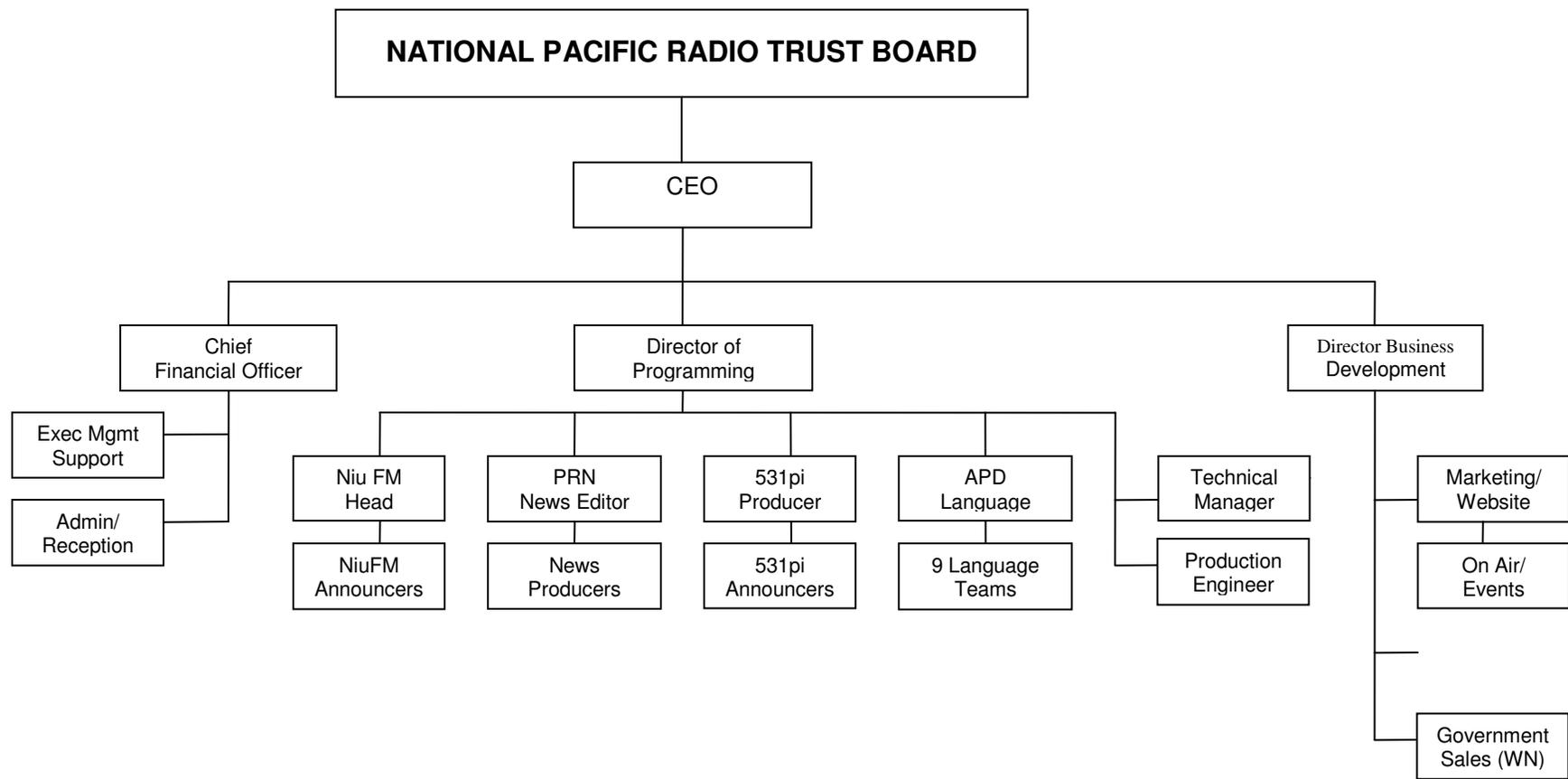
Auckland 531 AM

Internet Online Streaming: www.radio531pi.co.nz

Pacific Radio News

On Niu FM and Radio 531pi

www.pacificradionews.com



STATEMENT OF RESPONSIBILITY

In terms of the Crown Entities Act 2004, the board is responsible for the preparation of NPRT's financial statements and statement of services performance, and for the judgements made in them.

The board has responsibility for establishing and maintaining a system for internal control designed to provide reasonable assurance as to the integrity and reliability of the financial and non-financial reporting.

In the Board's opinion, these financial statements and statement of services performance fairly reflect the financial position and operation of NPRT for the year ended 30 June 2012.

Signed on behalf of the Board:



Uluomatootua Saululu Aiono
(Chair)



Dr James Prescott
(Deputy Chair)

**NATIONAL PACIFIC
RADIO TRUST -
PARENT & GROUP
2011-2012**

Prepared under New Zealand
equivalents to International
Financial Reporting Standards



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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	Note	Actual 2012	Budget 2012	Actual 2011
Income				
Crown Revenue	1	3,250,000	3,250,000	3,250,000
Other Revenue	2	2,099,229*	1,538,792	1,176,801
Interest		2,489	-	3,055
Total income		5,351,718	4,788,792	4,429,856
Expenses				
Advertising, Promotions and marketing costs		82,997	71,714	49,649
Employee benefit costs	3	2,341,774	2,215,066	2,143,837
Depreciation and amortisation expense	7, 8	164,171	144,000	175,878
Loss on Disposals		55,736	-	138,416
Operating lease expense		239,659	233,440	143,280
Trustees fees	14	101,552	101,504	103,009
Bank charges		1,931	3,600	1,544
Other expenses	4	1,983,743	2,017,141	1,640,076
Total expenses		4,971,563	4,786,465	4,395,689
Surplus/(deficit) attributable to the Trust		380,155	2,327	34,167
Other Comprehensive Income		-	-	-
Total Comprehensive Income		380,155	2,327	34,167

* Other revenue includes \$725,000 received from NZ on Air for Relocation costs.

*The NPRT accompanying notes form part of these financial statements.
Explanations of major variances against budget are provided in note 21.*

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

	Actual 2012	Budget 2012	Actual 2011
Note			
Balance at 1 July as previously reported	390,000	448,591	355,833
Surplus/(deficit) for the year	380,155	2,327	34,167
Total Comprehensive Income	380,155	2,327	34,167
Balance at 30 June	770,155	450,918	390,000

The NPRT accompanying notes form part of these financial statements.


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STATEMENT OF FINANCIAL POSITION

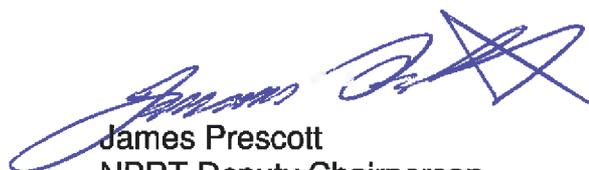
AS AT 30 JUNE 2012

	Note	Actual 2012	Budget 2012	Actual 2011
Assets				
Current assets				
Cash and cash equivalents	5	76,671	208,282	106,369
Trade Debtors and other receivables	6	370,048	178,905	279,862
Total current assets		446,719	387,187	386,231
Non-current assets				
Property, plant and equipment	7	988,023	720,056	324,537
Intangible assets	8	7,833	30,490	15,855
Total non-current assets		995,856	750,546	340,392
Total assets		1,442,575	1,137,733	726,623
Liabilities				
Current liabilities				
Trade, Accruals and other payables	9	392,391	545,108	199,184
Employee benefit liabilities	10	239,518	141,707	137,439
Total current liabilities		631,909	686,815	336,623
Non Current liabilities				
Lease Incentive Revenue		40,511	0	0
Total liabilities		672,420	686,815	336,623
Net Assets		770,155	450,918	390,000
Trust equity				
Retained surpluses		770,155	450,918	390,000
Total equity attributable to the Trust		770,155	450,918	390,000

The NPRT accompanying notes form part of these financial statements.



Ulu Aiono
NPRT Chairperson
31/10/2012



James Prescott
NPRT Deputy Chairperson
31/10/2012



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE
2012

	Note	Actual 2012	Budget 2012	Actual 2011
Cash flows from operating activities				
Revenue from the Crown		3,250,000	3,737,500	3,250,000
Interest received		2,489	-	3,055
Receipts from other revenue		1,281,926	1,828,683	1,024,231
Other Income		725,000	-	12,000
Payments to employees		(2,445,732)	(2,036,961)	(2,246,846)
Payments to suppliers		(1,977,517)	(3,040,643)	(1,837,131)
Bank charges		(1,931)	(3,600)	(1,544)
Goods and services tax (net)		11,440	(16,912)	(12,184)
Net cash from operating activities	11	845,675	468,067	191,581
Cash flows from investing activities				
Proceeds from the sale of property, plant and equipment		-	-	-
Purchase of property, plant and equipment		(875,373)	(500,000)	(116,144)
Net cash from investing activities		(875,373)	(500,000)	(116,144)
Cash flows from financing activities				
Net cash from financing activities		-	-	-
Net (decrease)/increase in cash, cash equivalent		(29,698)	(31,933)	75,437
Cash, cash equivalents the beginning of the year		106,369	240,215	30,932
Cash and cash equivalents at the end of the year	5	76,671	208,282	106,369

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The NPRT accompanying notes form part of these financial statements

P. G. Smith
15/12

NOTES TO THE FINANCIAL STATEMENTS

a) Statement of significant NPRT accounting policies for the year ended 30 June 2012

REPORTING ENTITY

National Pacific Radio Trust (the Trust) is a charitable trust incorporated in New Zealand under the Charitable Trusts Act 1957 and is domiciled in New Zealand. The Trust is listed in schedule 4 of the Public Finance Act 1989 which means it is treated for certain financial reporting requirements as if it was a crown entity under the Crown Entity Act 2004. The Trust is registered under the Charities Act 2005 registration number CC41373

The primary objective of the Trust and group is to establish and maintain a national pacific radio network that delivers quality programming and to ensure the responsible stewardship of assets of the network as consistent with the objectives in the trust deed and to encourage, promote and support the establishment and growth of business investment and employment opportunities within the region, rather than making a financial return. Accordingly, the Trust and group has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Trust and group are for the year ended 30 June 2012. The financial statements were authorised for issue by the Board of Trustees on the 31 October 2012.

BASIS OF PREPARATION

Statement of Compliance

The financial statements of the Trust and group have been prepared in accordance with the requirements of the Trust's constitution and rules, and also the Public Finance Act 1989, which include the requirement to comply with New Zealand generally accepted accounting practice ("NZ GAAP").

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The Trust and group qualifies for differential reporting exemptions as it has no public accountability and the entity is not large. However it has elected not to apply the available reporting exemptions under the Framework for Differential Reporting.

Measurement base

The financial statements have been prepared on a historical cost basis.

Functional and presentation currency

The financial statements are presented in New Zealand dollars with all values rounded to the nearest dollar. The functional currency of the Trust and group is New Zealand dollars.

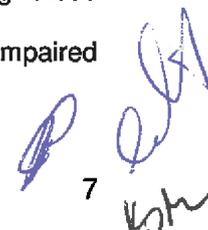
Changes in accounting policies

There have been no changes in accounting policies during the financial year.

Early adopted amendments to standards

The following amendments to standards have been early adopted:

- NZ IFRS 7 *Financial Instruments: Disclosures* – The effect of early adopting these amendments is the following information is no longer disclosed:
 - the carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated; and

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NATIONAL PACIFIC RADIO TRUST – PARENT & GROUP

- the maximum exposure to credit risk by class of financial instrument if the maximum credit risk exposure is best represented by their carrying amount.
- NZ IAS 24 *Related Party Disclosures (Revised 2009)* – The effect of early adopting the revised NZIAS 24 is:
 - more information is required to be disclosed about transactions between the Trust and entities controlled, jointly controlled, or significantly influenced by the Crown;
 - commitments with related parties require disclosure;
 - information is required to be disclosed about any related party transactions with Ministers of the Crown.

Standards, amendments, and interpretations issued but not yet effective and have not been early adopted

Standards, amendments, and interpretations issued but not yet effective that has not been early adopted, and which are relevant to the Trust and group include:

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2014. The Trust has not yet assessed the effect of the new standard and expects it will not be early adopted.

SIGNIFICANT ACCOUNTING POLICIES

Revenue

Revenue is measured at the fair value of consideration received.

Crown Revenue

Crown Revenue received from NZ on Air is the primary source of funding to the Trust and is restricted for the purposes of the Trust meeting its objectives as specified in the Trust Deed. The Trust also receives other government assistance (NZ on Air) for specific purposes, and these grants usually contain restrictions on their use.

Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates.

Other revenue

Sales are recognised when a product/service is provided to the customer. Sales are usually in cash or by credit. The recorded revenue is the gross amount of the sale.

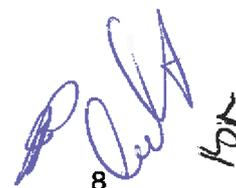
Where a physical asset is donated or vested in the Trust for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in the Trust are recognised as revenue when control over the asset is obtained.

Interest income is recognised using the effective interest method.

Volunteer services received are not recognised as revenue or expenditure as the Trust is unable to reliably measure the fair value of the services received.

Advertising costs

Advertising costs are expensed when the related service has been rendered.


8

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Income Tax

The Trust has been granted charitable status by the Inland Revenue Department, and therefore is exempt from income tax.

Leases

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit over the lease term as an integral part of the total lease expense.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings as a current liability in the statement of financial position.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Provision for impairment of receivables is established when there is objective evidence that the Trust will not be able to collect amounts due NPRT according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments is considered indicators that the debt is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Property, plant and equipment

Property, plant and equipment are shown at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in surplus or deficit.

Subsequent costs



NATIONAL PACIFIC RADIO TRUST – PARENT & GROUP

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

The cost of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a diminishing value basis on all property, plant and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

	<u>Useful Lives</u>	
▪ Engineering Design	4.5 Years	21.6%
▪ Transmissions Equipment	4.5 Years	21.6%
▪ Site Equipment	4.0 Years	18.0%-39.6%
▪ Studios	4.0 Years	11.4%-48.0%
▪ Studio Transmitter Links	4.5 Years	21.6%
▪ Transmitter Installations	4.5 Years	21.6%
▪ Studio and Link Installation	4.0 Years	11.4%-21.6%
▪ Furniture and fittings	4.0 Years	11.4%-33.0%
▪ Leasehold Improvements	4.0 Years	9.0%-39.6%
▪ Office Equipment	4.0 Years	14.4%-60.0%
▪ Computer equipment	4.0 Years	9.0%-48.0%
▪ Motor vehicles	3.0 Years	31.2%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Intangible assets

Software acquisition

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the development and maintenance of the Trust's website is recognised as an expense when incurred.

Amortisation

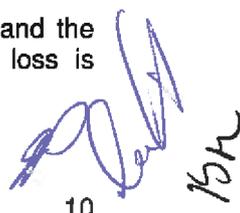
Computer software licenses are amortised on a diminishing value basis of 48% over their estimated useful life of 3 years. Amortisation begins when the asset is available for use and ceases at the date that the asset is disposed of. The amortisation charge for each period is recognised in the statement of financial performance.

Impairment of non-financial assets

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the trust would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.



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The reversal of impairment is recognised in the surplus or deficit.

Employee benefits costs

Short-term benefits

Employee benefits that the Trust expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date and sick leave.

A liability and an expense are recognised for bonuses where there is a contractual obligation or where there is a past practice that has created a construction obligation.

Superannuation schemes

Obligations for contributions to Kiwi Saver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit as incurred.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Good and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

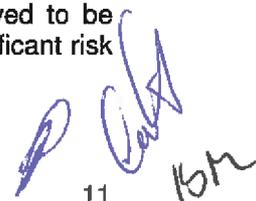
Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Equity

Equity is measured as the difference between total assets and total liabilities.

Critical NPRT accounting estimates and assumptions

In preparing these financial statements the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk

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NATIONAL PACIFIC RADIO TRUST – PARENT & GROUP

of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment useful lives and residual values

At each balance date the Trust reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Trust to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Trust, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the statement of financial performance, and carrying amount of the asset in the statement of financial position. The Trust minimises the risk of this estimation uncertainty by:

- Physical inspection of assets;
- Asset replacement programs;
- Review of second hand market prices for similar assets; and
- Analysis of prior asset sales.

The Trust has not made significant changes to past assumptions concerning useful lives and residual values.

The carrying amounts of property, plant and equipment are disclosed in note 8.

Critical judgements in applying the Trust's accounting policies

The Trustees must exercise their judgement when recognising grant income to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each grant contract.

Budgeted Figures

The Budgeted figures in the financial statements are those approved by the board at the beginning of the financial year.

Niu FM Subsidiary

The Trust and group consists of National Pacific Radio Trust and its subsidiary, NiuFM Ltd (100% owned), which is a dormant company that has no balances at balance date and no transactions since its formation.

1) **Crown revenue**

	Actual 2012	Actual 2011
Crown funding	-	3,000,000
NZ on Air	3,250,000	250,000
Total Crown Revenue	3,250,000	3,250,000

2) **Other revenue**

	Actual 2012	Actual 2011
Niu FM Advertising	670,332	639,615
531 pi Advertising	703,897	525,186
Other revenue	725,000	12,000
Total Other Revenue	2,099,229	1,176,801

3) **Employee benefit costs**

	Actual 2012	Actual 2011
Salaries and wages	2,341,774	2,137,627
Defined contribution plan	-	10,478
Increase/(decrease) in employee entitlements	-	(4,268)
Total employee benefit costs	2,341,774	2,143,837

4) **Other expenses**

Fees to auditor:

	Actual 2012	Actual 2011
Audit fees for financial statement audit	35,000	30,360
Impairment of receivables (note 7)	-	-
Website Costs	12,181	10,329
Cost Of Sales	357,986	264,931
Administration Expenses	468,702	303,041
Occupancy Expenses	24,426	24,129
Marketing & Promotions	47,072	39,896
Board	11,312	39,044
Programming Output	1,027,064	928,346
Total other expenses	1,983,743	1,640,076

5) **Cash and cash equivalents**

	Actual 2012	Actual 2011
Cash at bank and on hand	547	29,538
Bank Balances-cheque account	76,124	76,831
Total cash and cash equivalents	76,671	106,369

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The carrying value of cash and cash equivalents approximates their fair value.

6) Trade and other receivables

	Actual 2012	Actual 2011
Gross trade and other receivables	370,048	279,862
Less provision for impairment	-	-
Total trade and other receivables	370,048	279,862

The carrying value of receivables approximates their fair value.

As at 30 June 2012 and 2011, all overdue receivables have been assessed for impairment based on an analysis of past collection history and write-off and appropriate provisions applied, as detailed below:

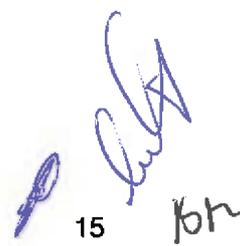
	2012			2011		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	128,542	-	128,542	170,084	-	170,084
Past due 31-60 days	128,518	-	128,518	27,414	-	27,414
Past due 61-90 days	39,578	-	39,578	10,063	-	10,063
Past due > 91 days	73,410	-	73,410	72,301	-	72,301
Total	370,048	-	370,048	279,862	-	279,862

All receivables greater than 30 days in age are considered to be past due.

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7) Property, plant and equipment

	Furniture and Fittings	Computer Equipment	Motor Vehicles	Engineering Design
Cost				
Balance at 1 July 2010	90,830	273,599	52,548	143,500
Additions	8,253	6,594	-	-
Disposals	4,783	220,489	-	-
Balance at 30 June 2011	94,300	59,704	52,548	143,500
Balance at 1 July 2011	94,300	59,704	52,548	143,500
Additions	46,519	7,214	44,678	-
Disposals	82,845	53,109	-	138,462
Balance at 30 June 2012	57,974	13,809	97,226	5,038
Accumulated depreciation and impairment losses				
Balance at 1 July 2010	52,713	257,699	43,529	118,275
Depreciation expense	12,841	5,092	2,814	10,272
Impairment losses	-	-	-	-
Elimination on disposal	-	212,908	-	-
Balance at 30 June 2011	65,554	49,883	46,343	128,547
Balance at 1 July 2011	65,554	49,883	46,343	128,547
Depreciation expense	4,799	3,958	15,339	-
Impairment losses	-	-	-	-
Elimination on disposal	62,155	47,409	-	123,509
Balance at 30 June 2012	8,198	6,432	61,682	5,038
Carrying amounts				
At 1 July 2010	38,117	15,900	9,019	25,225
At 30 June and 1 July 2011	28,746	9,821	6,205	14,953
At 30 June 2012	49,776	7,377	35,544	-

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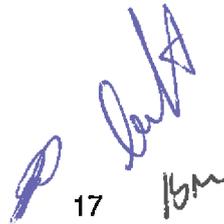
NATIONAL PACIFIC RADIO TRUST – PARENT & GROUP

	Leasehold Improvements	Office Equipment	Site Equipment	Studio & Link Installations
Cost				
Balance at 1 July 2010	304,989	32,964	198,731	13,437
Additions	-	11,078	-	-
Disposals	160,173	18,428	-	1,122
Balance at 30 June 2011	144,816	25,614	198,731	12,315
Balance at 1 July 2011				
Balance at 1 July 2011	144,816	25,614	198,731	12,315
Additions	730,195	25,562	-	21,203
Disposals	144,816	14,535	-	12,315
Balance at 30 June 2012	730,195	36,642	198,731	21,203
Accumulated depreciation and impairment losses				
Balance at 1 July 2010	130,379	28,415	168,217	9,407
Depreciation expense	73,877	3,414	6,586	585
Impairment losses	-	-	-	-
Elimination on disposal	67,696	16,474	-	705
Balance at 30 June 2011	136,560	15,355	174,803	9,287
Balance at 1 July 2011				
Balance at 1 July 2011	136,560	15,355	174,803	9,287
Depreciation expense	81,826	3,627	5,159	4,807
Impairment losses	-	-	-	-
Elimination on disposal	136,560	12,877	-	9,287
Balance at 30 June 2012	81,826	6,105	179,962	4,807
Carrying amounts				
At 1 July 2010	174,610	4,549	30,514	4,030
At 30 June and 1 July 2011	8,256	10,259	23,928	3,028
At 30 June 2012	648,370	30,537	18,769	16,396

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NATIONAL PACIFIC RADIO TRUST – PARENT & GROUP

	Studio Transmitter Links	Studios	Transmitter Equipment	Transmitter Installations
Cost				
Balance at 1 July 2010	30,749	331,863	372,495	92,033
Additions	-	95,000	-	-
Disposals	4,103	90,607	-	-
Balance at 30 June 2011	26,646	336,256	372,495	92,033
Accumulated depreciation and impairment losses				
Balance at 1 July 2010	25,717	212,073	312,159	71,102
Depreciation expense	933	27,275	13,033	4,521
Impairment losses	-	-	-	-
Elimination on disposal	3,393	55,330	-	-
Balance at 30 June 2011	23,257	184,018	325,192	75,623
Balance at 1 July 2011	23,257	184,018	325,192	75,623
Depreciation expense	732	22,140	10,218	3,545
Impairment losses	-	-	-	-
Elimination on disposal	-	8,681	-	-
Balance at 30 June 2012	23,989	197,477	335,410	79,168
Carrying amounts				
At 1 July 2010	5,032	119,790	60,336	20,931
At 30 June and 1 July 2011	3,389	152,238	47,303	16,410
At 30 June 2012	2,657	128,647	37,085	12,865

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	Work in Progress	TOTAL
Cost		
Balance at 1 July 2010	-	1,937,738
Additions	-	120,925
Disposals	-	499,705
Balance at 30 June 2011	-	1,558,958
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Balance at 1 July 2011	-	1,558,958
Additions	-	875,371
Disposals	-	456,212
Balance at 30 June 2012	-	1,978,117
<hr/>		
Accumulated depreciation and impairment losses		
Balance at 1 July 2010	-	1,429,685
Depreciation expense	-	161,243
Impairment losses	-	-
Elimination on disposal	-	356,506
Balance at 30 June 2011	-	1,234,422
<hr/>		
Balance at 1 July 2011	-	1,234,422
Depreciation expense	-	156,150
Impairment losses	-	-
Elimination on disposal	-	400,478
Balance at 30 June 2012	-	990,094
<hr/>		
Carrying amounts		
At 1 July 2010	-	508,053
At 30 June and 1 July 2011	-	324,537
At 30 June 2012	-	988,023

8) Intangible assets

	Actual 2012	Actual 2011
Cost		
Balance at beginning of year	77,244	77,244
Additions	-	-
Disposals	-	-
Balance at year-end	77,244	77,244
<hr/>		
Accumulated amortisation and impairment losses		
Balance as at beginning of year	61,389	46,754
Amortisation expense	8,022	14,635
Impairment losses	-	-
Disposals	-	-
Balance at year-end	69,411	61,389
<hr/>		
Carrying amounts		
As at beginning of year	15,855	30,490
At year-end	7,833	15,855

9) Trade and other payables

	Actual 2012	Actual 2011
Trade payables	256,141	56,463
PAYE Payable	19,304	19,152
GST Payable	24,079	35,519
Accrued expenses	92,867	88,050
	<hr/>	<hr/>
Total trade and other payables	392,391	199,184

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

10) Employee benefit liabilities

	Actual 2012	Actual 2011
Accrued salaries and wages	79,177	-
Annual leave	160,341	137,439
	<hr/>	<hr/>
Total employee benefit liabilities	239,518	137,439
Comprising:		
Current	239,518	137,439
	<hr/>	<hr/>
Total employee benefit liabilities	239,518	137,439

11) Reconciliation of net surplus/ (deficit) to net cash from operating activities

	Actual 2012	Actual 2011
Surplus/(deficit)	380,155	34,167
Add/(less) non-cash items:		
Depreciation and amortisation expense	164,171	175,878
Non-cash lease settlement	40,511	-
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	204,682	175,878
Add/(less) items classified as investing or financing activities:		
Loss on disposals	55,736	138,416
Add/(less) movements in statement of financial position		
Trade and other receivables-(increase)/decrease	(90,186)	(140,570)
Trade and other payables- increase/(decrease)	193,209	(12,043)
Employee benefits- increase/(decrease)	102,079	(4,267)
	<hr/>	<hr/>
Net movements in working capital items	205,102	(156,880)
	<hr/>	<hr/>
Net cash from operating activities	845,675	191,581

12) Capital commitments and operating leases

Capital commitments

The Trust does not have any capital commitments.

Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	Actual 2012	Actual 2011
Not later than one year	739,811	542,600
Later than one year and not later than five years	881,872	117,888
Later than five years	339,486	-
Total non-cancellable operating leases	1,961,169	660,488

There are no restrictions placed on the Trust by any of its leasing arrangements.

13) Contingencies

Contingent liabilities

The Trust had a contingent liability relating to a mediation instigated by a former employee. The estimated liability of the employee's case is approximately \$3,500. (2011:10,000)

Contingent assets

The Trust has no contingent assets. (2011: NIL)

14) Trustee fees

	Actual 2012	Actual 2011
Brian Chamberlin	14,500	14,500
Marylyn Rhonda Kohlhase	2,788	14,500
Susana Leiataua	11,879	-
Valentino Pereira	-	15,801
James Prescott	14,500	14,500
Ken Williams	-	1,208
Ulu Aiono (Chair person)	28,885	17,125
Sandra Maria Kailahi	14,500	10,875
William Johnston	14,500	14,500
Total Trustees' fees	101,552	103,009

No Board members received compensation or other benefits in relation to cessation (2011: Nil).

15) Events after the Reporting Period

There were no significant events after the balance sheet date.

16) Categories of financial assets and liabilities

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	Actual 2012	Actual 2011
<i>Loans and receivables</i>		
Cash and cash equivalent (note 5)	76,671	106,369
Trade and other receivables (note 6)	370,048	279,862
Total loans and receivables	446,719	386,231
<i>Financial liabilities measured at amortised cost</i>		
Trade and other payables (note 9)(excluding GST an PAYE Payable)	349,008	144,513
Total financial liabilities measured at amortised cost	349,008	144,513

17) Financial instrument risks

The Trust has policies to manage the risks associated with financial instruments. The Trust is risk averse and seeks to minimise exposure from its treasury activities. The Trust has established Borrowing and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Trust's exposure to fair value interest rate risk is limited to its overdraft and short-term bank deposits. The value of the deposits and overdraft are not influenced by changes in the interest rate and NPRT does not have any debentures or bonds.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose the Trust to interest rate risk and debt servicing risk.

The Trust's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements.

The Trust currently has no variable interest rate debt or investments.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Trust is not exposed to foreign exchange transaction risk, as it does not enter into foreign currency transactions/translation risk.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Trust, causing the Trust to incur a loss.

Due to the timing of its cash inflows and outflows, the Trust invests surplus cash with registered banks. The Trust's Investment policy limits the amount of credit exposure to any one institution. The Trust has processes in place to review the credit quality of customers prior to the granting of credit.

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The Trust's maximum credit exposure for each class of financial instrument is represented by the NZ total carrying amount of cash equivalents (note 6) and trade receivables (note 7). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

The Trust has no significant concentrations of credit risk, as it has a large number of credit customers and only invests funds with registered banks with specified credit ratings.

Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Trust aims to maintain flexibility in funding by keeping committed credit lines available.

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

The Trust manages its borrowings in accordance with its Borrowing policy.

Financial instrument risks

The table below analyses the NPRT's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate at the balance sheet date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 6 months	Between 6 months and 1 year	Between 1 and 5 years
2011			
Creditors and other payables (note 9)(excluding GST and PAYE Payable)	144,513	-	-
2012			
Creditors and other payables (Note 9)(excluding GST and PAYE Payable)	349,008	-	-

18) Capital management

The Trust's capital is its equity, which comprises Trust capital and retained surpluses. Equity is represented by net assets.

The Trust deed requires the Board of Trustees to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently. The Trust's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing the Trust's equity is to ensure the Trust effectively achieves its objectives and purpose, whilst remaining a going concern.

19) Breach of Legislation

Section 162 of the Crown Entities Act 2004 requires the Trust to refrain from borrowing except with the express written permission of their responsible minister and the Minister of Finance. During the year the trust went into overdraft, which constitutes borrowing and means that this requirement has not been complied with.

20) Related Party Transactions

The Trust has no related party transactions.

Key management personnel compensation

	Actual 2012	Actual 2011
Salaries and other short-term employee benefits	641,351	627,684
Termination Benefits	-	-
Other long term benefits		
Post employment benefits		
Total key management personnel compensation	<u>641,351</u>	<u>627,684</u>

Key management personnel include the Trustees, the Chief Executive and the other 3 members of the Trust's management team.

Employee Remuneration

Total Remuneration paid or payable	Actual 2012	Actual 2011
100,000 – 109,999	-	2
110,000 – 119,999	-	-
120,000 – 129,999	-	1
130,000 – 139,999	-	-
140,000 – 149,999	2	1
150,000 – 159,999	-	-
160,000 – 169,999	1	-
170,000 – 179,999	-	-
180,000 – 189,999	-	-
190,000 – 199,999	-	-
200,000 – 209,999	-	-
Total Employee	<u>3</u>	<u>4</u>


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21) Explanation of Significant Variances to Budget

The major variances to budget for 2012 are explained as follows:

REVENUE

Other Revenue Advertising revenue **was** below budget by \$164,563 in line with the general economic decline.

Additional relocation funds were received from NZ on Air amounting to \$725,000.

EXPENSES

Depreciation Depreciation was under estimated in the budget by \$20,171 and Write off occurred for the cost of the assets for \$55,736 based on the useful lives and residual values.

Other Expenses Other expenses were below budget by \$33,398 mainly due to the Cost of Sales being below budget.

Cost of Sales Cost of sales are below budget by \$130,566 mainly due to commissions being below the budget which is in line with reduced advertising revenue.

Administration Expenses Administration expenses are above budget by \$140,198 due to relocation costs.

ASSETS

Bank Balance Bank balance is lower than budget by \$131,611 mainly because of less advertising revenue than anticipated in line with the general economic decline.

Trade & Other Receivables Above budget by \$191,143 due to the general business down turn of the cash flow and the slower debt collection process.

Property Plant & Equipment
And intangible **assets** Property plant and equipment is above budget by \$267,967 mainly because depreciation was underestimated and, write-off the cost of the assets in the budget and the set up of the Auckland Studio.

LIABILITIES

Trade, accruals and other payables Below budget by \$152,717 due to the general business down turn.



24 15h

Statement of Service Performance 2011 - 2012

Output class 1. Programming Services

Objectives	Outputs	Measures	Result
<p>Deliver programming and broadcast services that are highly relevant to Pacific communities</p>	<p>Broadcast distinct services to cater for different audiences of different ages</p> <ul style="list-style-type: none"> Niu FM Network – broadcasting on 12 frequencies, mixed model Pan-Pacific English programmes (primary target younger Pacific families) with Pacific languages in evenings Radio 531 AM - mixed model Pan-Pacific English (primary target older Pacific audience in Auckland region), with Pacific languages in evenings Niu FM AKL 103.8 – 24/7, Pan - Pacific English programme - primary target demographic younger New Zealand-born Pan-Pacific audiences. Breakout of broadcast of both Niu FM and 531pi in Wellington to give better reach to both sets of audience 	<p>All three services will be maintained</p> <p>Music content</p> <p>Radio 531 pi: not greater than 40%, and of that Pacific music content – 60% (no change from 10/11)</p> <p>Niu FM Radio Network</p> <p>Music content – not greater than 60%, and of that Pacific music content – 50% (no change from 10/11)</p> <p>Niu FM Auckland 103.8</p> <p>Music content – not greater than 70%, and of that Pacific music content – 45% (no change from 10/11)</p>	<p>Achieved</p> <p>All 3 Services Maintained</p> <p>Achieved</p> <p>Radio 531pi: Music content targets</p> <p>Niu FM Network: Music content targets</p> <p>Niu FM Auckland: Music content targets</p>
	<p>Broadcast content that caters for specific language and ethnic needs</p>	<p>Language programmes will be broadcast in at least nine Pacific languages</p> <p>Radio 531pi: at least 81 hours per week of programmes in Pacific languages (No increase from 10/11)</p> <p>NiuFM Radio Network: at least 81 hours per week of programmes in Pacific languages (No increase from 10/11)</p>	<p>Achieved</p> <p>Broadcasts delivered in 9 Pacific Languages</p> <p>Radio 531pi: 84 hours per week of programmes in Pacific languages</p> <p>Niu FM Network: 83 hours per week of programmes in Pacific languages</p>

25

toh

Broadcast news services including in Samoan, Tongan, Niuean and Cook Island Maori.

Radio 531pt:

- 16 x 5min bulletins in English per day
- 8 x 5min bulletins in four languages during the day: 2 x Samoan and Tongan, one each of Niuean and Cook Island Maori
- 3 x 5min bulletins per programme in Samoan, Tongan, Cook Islands, Niuean language programmes
- 1 x 5min bulletin during Fijian, Tokelauan, Tuvalu, Solomons, Kiribati language programmes

7,644 bulletins per annum
38,220 minutes per annum
638 hours per annum

Achieved
7,644 bulletins
38,220 minutes
638 hours

Achieved
Broadcast new services provided in English and 9 Pacific languages

NiuFM Radio Network:

- 16 x 5min bulletins in English per day
- 3 x 5min bulletins per programme in Samoan, Tongan, Cook Islands, Niuean language programmes
- 1 x 5min bulletin during Fijian, Tokelauan, Tuvalu, Solomons, Kiribati language programmes

4,732 bulletins per annum
23,660 minutes per annum
395 hours per annum

Achieved
4,732 bulletins
23,660 minutes
395 hours

NiuFM Auckland 103.8:

- 16 x 5min bulletins in English per day
- 5,512 bulletins per annum
20,800 minutes per annum
460 hours per annum

Achieved
5,512 bulletins
20,800 minutes
460 hours

Total hours for news PMIN = 1493
(no change from 10/11)

Total hours = 1,493



hah

Quality and technology

Objectives

Deliver services of consistently high programming and technical standards

1. 24/7 nationwide transmission
2. High quality programming that conforms with national standards
3. Upgrade of technical equipment including computers and programming devices

Outputs

1. a. Geographic coverage of transmission reaches 90% of Pacific population
1. b. Minimum hours of programming per annum on Radio 531pi – 8,672 on Niu FM Network – 8,672
2. a. All formal complaints acknowledged within 5 working days
2. b. No more than three complaints upheld against any one Broadcasting Standards Authority standard per annum

Measures

- Achieved**
1. a Output transmission targets achieved and broadcast over all frequencies maintained;
 1. b 8,672 hours of total programming on Niu FM and Radio 531pi;
 2. a All formal complaints acknowledged within 5 working days;
 2. b No complaints upheld against any one BSA standard
 3. Upgrade of technical equipment including computers and programming devices to be implemented 2012/13

Independent Auditor's Report**To the readers of
National Pacific Radio Trust's
financial statements and statement of service performance
for the year ended 30 June 2012**

The Auditor-General is the auditor of the National Pacific Radio Trust (the Trust). The Auditor-General has appointed me, Karen MacKenzie, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the Trust on her behalf.

We have audited:

- the financial statements of the Trust on pages 3 to 24, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Trust on pages 25 to 27.

Opinion

In our opinion:

- the financial statements of the Trust on pages 3 to 24:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Trust's:
 - financial position as at 30 June 2012; and
 - financial performance and cash flows for the year ended on that date.
- the statement of service performance of the Trust on pages 25 to 27:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects, for each class of outputs for the year ended 30 June 2012, the Trust's:
 - service performance compared with the forecasts in the statement of forecast service performance for the financial year; and
 - actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

Our audit was completed on 31 October 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Trustees and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Trust's financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control 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 Trust's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Trustees;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Trustees

The Board of Trustees is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the Trust's financial position, financial performance and cash flows; and
- fairly reflect its service performance.

The Board of Trustees is also responsible for such internal control as is determined necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

The Board of Trustees's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the Trust.



Karen MacKenzie
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand



Blessing of the new Pacific Media Network office



Visit from Minister of Broadcasting, Craig Foss with CEO Tom Etuata



Official opening of Pacific Media Network office



Official opening of the new Pacific Media Network office



Radio 531 PI at Pasifika Festival 2012



Tofiga with students of Miramar Primary School



Cutting of the cake for Radio 531 PI's 19th Birthday



Raggamuffin Roadtrip 2012 in Wellington



Niu nites host Lui with Tomorrow People



Drums of the Pacific at Radio 531's 19th Birthday celebration



USO Bike Ride team visit Niu FM during their journey of NZ



Sela and Pua emcee Plantation Day at Auckland University



Drive Thru host Niko out and about in the streets of Auckland



Niu FM at the Mangere Love event



Yolande with Guests Miss Samoa NZ 2012 Penina Maree Paeu and Shortland Street stars Frankie Adams and Pua Magasiva



Headliner Spawnbrezzie performing at the Mixer 2