



Twenty-first Annual Report of the

ROAD SAFETY TRUST

for the year ended 30 June 2010

Presented to the House of Representatives pursuant to Section 45M of the Public Finance Act 1989

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Foreword

I am pleased to present the Annual Report and audited accounts for the Road Safety Trust for the year ended 30 June 2010.

Operational Activities

In 2008 the Trust launched the first phase of an advertising campaign highlighting the negative consequences than can occur as a result of drivers being distracted for just a few seconds. This driver distraction campaign has continued, and has been developed and enhanced to keep the message fresh.

The Trust recognises that changing behaviour is a long-term process, and is committed to raising awareness of the dangers of driver distraction until this is widely recognised. Campaign monitoring indicates that 35 percent of the general public believe that distraction is likely to cause motor vehicle crashes.

Distraction is included as a road safety priority within the government's *Safer Journeys* Strategy, released this year, which means that the Trust's campaign can make a valuable contribution to achievement of the strategy's goals, and to safer roads for all New Zealanders.

The Trust's sport-based campaign, "Keep your eyes on the action", continued into the 2009 cricket and rugby seasons with targeted sponsorship and sports ground branding. In April 2009, the Trust launched a new television commercial, backed up with print media, online, and bus-back advertising, demonstrating the difficulty of concentrating on two things at once. In addition a new cinema advertisement promoted the message "Switch off before you drive off".

A refreshed campaign for launch in July 2010 was also prepared in this financial year, focusing on the need to terminate the conversation if you know the person you are speaking to is driving a car. A series of new 15-second television commercials also draws attention to other causes of distraction and their consequences.

Grants

The Trust continues to fund grants for dedicated road safety research projects.

Work continued on the auditing of grant reports, ensuring that projects were delivered in line with the conditions of their contracts. The Trust was pleased to note that the majority of grant recipients complied with the conditions of approval and delivered the projects within budget. The Trust is committed to ensuring a high level of accountability from its grant recipients. Where any anomalies were identified, appropriate action was taken.

Scholarships

The Trust awarded post graduate research scholarships to two PhD students. The focus of their research will be truck driver safety and perceptual driver errors.

Financial Performance

The Trust is funded from a portion of the profits received from the first-time sale of personalised motor vehicle licence plates. Personalised Plates Limited (PPL), the company contracted to market the plates, continues to perform well. The current economic climate has impacted on plate sales and the Trust consequently received less revenue from this source over the past two financial years. The Trust has ended the year with a net deficit of \$662,987. However, the Trust continues to maintain a strong capital base.

The Future

The Trust will focus in the coming year on contributing to road safety by proactively supporting local communities to develop appropriate road safety activities. The Trust will also continue to support robust road safety research and will work proactively on projects that support the *Safer Journeys* strategy thus making a significant contribution to the government's road safety priorities as identified in the *Safer Journeys* strategy.

As always the Trust is indebted to behind-the-scenes work done by the Secretariat and the Trust's support committee. The Trust thanks all involved for their continued assistance.

Trust Secretary

The Trust wishes to acknowledge the passing, on 7 January 2010, of its Secretary, Leonie Corrigan. Leonie's dedication to the Trust was exemplary and her knowledge and experience is greatly missed by her fellow colleagues and the Trustees.



Yvonne Sharp
Chairman

MANAGEMENT STATEMENT

1. Introduction

The Road Safety Trust has pleasure in presenting its annual report for the year 1 July 2009 to 30 June 2010.

The year 2009 saw a discouraging increase in the road toll: 384 people died on our roads compared with 365 in 2008. While the overall trend in road deaths over the past decade has been downward, deaths and injuries on the roads are preventable and the Trust will continue to seek out and fund road safety initiatives to help reduce road deaths and injuries in New Zealand.

2. Establishment and membership

The Trust was established in August 1989. It is empowered to receive and invest its portion of revenue from the sale of personalised motor vehicle licence plates, and to make grants from those funds to road safety projects from time to time. Under the terms of the Public Finance Act 2004 the Trust's status is deemed to be that of a Crown established trust. It is required under Section 45M of the Public Finance Act 1989 to forward to the Minister of Transport an annual report, including audited financial statements, that must be laid before the House of Representatives.

The membership of the Trust comprises:

- A chairperson nominated by the Minister of Transport
- The Chief Executive of the New Zealand Transport Agency ("Chief Executive"), or his or her nominee
- A representative of youth nominated by the Ministry of Youth Affairs
- A representative of road users nominated by the New Zealand Automobile Association.

This membership provides a balance of consumer, government and corporate interests. The Minister of Transport appoints the four Trustees of the Road Safety Trust. The term of appointment of the Trustees, other than the Chief Executive or his or her nominee, is a period not exceeding three years. This is fixed at the time of appointment, with the provision that any Trustee may be reappointed for any further periods of up to three years.

The four current Trustees are:

Yvonne Sharp	Chairman
Ernst Zöllner	Nominee of Chief Executive of the New Zealand Transport Agency
Alicia Gainsford	Representative of youth
Robin Morton	Representative of road users

Key support staff are:

Alan Tollemache	Administration
Graham Cooper and Willy Wilson	Accountants

3. Role and relevance

The Trust has the following Vision, Mission, Values and Goals, together with a set of key business objectives, strategies for achieving them, and a three-year work plan to support them.

3.1 Vision

The Trust's vision is:

To fund initiatives that improve road safety

3.2 Mission

The Trust Deed clearly sets out the purpose of the Trust and the Trust's mission reflects that keystone role. Its mission is:

**Encouraging the establishment and conduct of road safety projects in
New Zealand**

3.3 Values

These values are the core beliefs and principles that govern the behaviour of the Trust. In conducting its business the Trust applies the following values:

Transparency and Accountability

The Trust will undertake all its activities in a transparent and consistent manner and be accountable for all its actions.

Impartiality and Integrity

The Trust will operate independently of specific interests, and act with impartiality and integrity in everything it does.

Professional Excellence

The Trust will do its job in a professional manner and seek high standards of performance.

Ethics

The Trust will uphold a high standard of ethics in all its dealings.

Communication

The Trust will communicate openly and fairly with all parties in promoting and conducting its business.

Constant Improvement

The Trust will constantly strive to seek new and better ways of doing its work.

3.4 Goals

In working towards its vision the Trust has identified the following goals as being critical to achieving the desired outcome:

- **Safer use of the road network.**
- **Greater synergy with road safety partners.**
- **Effective management of the promotion, decision-making, funding and monitoring of the Trust's activities.**

3.5 Functions

The Trust Deed gives the Trust the following function:

- To provide funds for road safety projects such as:
 - community road safety initiatives
 - private sector technological developments with road safety benefits, which are unable to be fully funded by government organisations or from revenue generated by sales
 - research grants and study awards
 - training, education and overseas travel to attend conferences or undertake study
 - specific road safety projects, and
 - any other project which the Trustees consider likely to contribute to the improvement of safety on roads.

The Trust also undertakes to ensure:

- that the Trust's monies are properly invested
- that proper financial statements are kept in respect of the Trust
- that annual financial statements are prepared promptly at the end of each financial year
- that the Auditor-General audits its annual financial statements.

4. Support

The New Zealand Transport Agency's Access and Use Group provides executive services to the Trust (Alan Tollemache) and the Organisational Support Group provides financial support services (Graham Cooper and Willy Wilson). Mr Bill Frith, road safety consultant, chairs the Technical Advisory Committee, which provides expert advice to the Trust on research projects.

The Trust has a formal agreement for the provision of support services by the New Zealand Transport Agency, by way of a Memorandum of Understanding (MOU). The MOU establishes a service-level agreement that clearly identifies and defines the expectations and responsibilities of both agencies.

5. Review of operations (July 2009 to June 2010)

5.1 Meetings

The Trust met three times during this financial year to consider applications for funding. The meetings were held in September 2009, December 2009 and April 2010.

5.2 Applications

Advertising of applications for the funding of road safety projects was arranged in metropolitan and provincial daily newspapers. The Trust is listed in the Department of Internal Affairs Funding Information Service, Fundview, accessible at Community Development Group offices and libraries throughout New Zealand. Internet links are established with Personalised Plates Ltd and Community Net. Information about the Trust is also available through the Trust's own Internet site, www.roadsafety.govt.nz. The Trust has agreed priority areas and target groups, which complement and support the road safety priorities expressed in the *Safer Journeys* strategy.

No community applications that met the Trust funding criteria were received in this financial year; however a range of good quality research projects was approved and some of these are now under way. More detail is set out in section 5.5 below.

The Trust also extended its nationwide campaign to raise public awareness that driving while distracted is dangerous. Details of the campaign are set out in paragraph 5.8.

The Trust piloted a road safety innovations workshop in September 2009 and this was a useful exercise in assisting the Trust to focus on its activities.

5.3 Statement of allocation criteria

The Trust's statement of allocation criteria is as follows:

- Applications must be compatible with the Trust's functions.
- Applications must be in accordance with the priorities set out in the *Safer Journeys* strategy document
- There must be no known similar programme operating in largely the same sphere of influence.
- Applicants must provide:
 - a detailed project plan outlining intended outcomes/goals and delivery
 - detailed costings and budget
 - written approval where third-party distribution is required
 - evidence that any previously-funded initiatives were well managed and delivered
 - evidence that those involved in the delivery of the project are suitably qualified
- The structure, legal status and lifespan of the applicant organisation will be a deciding factor.

- Evaluation measures for the project must be easily identified, valid and realistic.

5.4 Contracts

As from July 1995 successful applicants for grants of over \$1,000 have been required to sign a contract, clearly detailing their obligations for the project delivery and accounting of funds.

5.5 Research

The Trust recognises that robust road safety research underpins effective road safety programmes and is committed to funding worthwhile research projects that have the potential to reduce road crash rates.

Research projects funded by the Trust are overseen by a Technical Advisory Committee. The Committee is an expert group that considers proposals, arranges their peer review, approves funding, and monitors the progress of approved projects. Through the Committee the Trust provides New Zealand's only source of dedicated road safety research funding. The Committee has to date made 62 research grants totalling \$2.8 million.

The Trust has provided funding for a range of research projects in such areas as older driver safety, school bus safety, and safety improvements to the road network. This research is providing a substantial contribution to knowledge of these issues, and most of it could not have been undertaken without access to funding from the Trust. The providers of this work have been university-based injury research units and private sector engineering and research organisations. The Trust has also made a major contribution to the New Zealand Drivers' Study being undertaken by Otago University, and this has involved co-funding with the Health Research Council.

5.6 Projects overseen by the Technical Advisory Committee

1. New Zealand Drivers' Study (\$150,000)

Principal Investigator: Dr Dorothy Begg, Injury Prevention Research Unit, University of Otago

This project is being jointly funded with the Health Research Council and the ACC. This funding enables the study to continue for a further three years. The results provide useful information on this area of road user behaviour which feeds into young driver licensing policy. Previous outputs from the study provided valuable input into the Safer Journeys strategy.

2. Managing older driver safety (\$AUD250,000)

Principal Investigator: Dr Jude Charlton, Monash University Accident Research Centre

This study is being jointly funded with the Australian Research Council and a number of other organisations. It aims to identify effective solutions to manage the safe mobility of the next generations of older drivers in Australia and New Zealand.

3. Quantification of safety benefits from road smoothing (\$72,500)

Principal Investigator: Peter Cenek, Opus International Consultants

This project examines the relationships between safety and the roughness of a road surface. Road roughness is at present not taken into account in deciding the priority of safety work. This research will potentially feed into improved safety on road networks.

4. How does the level of road lighting affect crashes in New Zealand? – a pilot study.

Principal Investigator: Bill Frith, Opus International Consultants

The results of this study will provide an objective means to prioritise safety-related lighting schemes against other uses of road safety funds, and, as a side benefit, provide information on the safety benefits of the road lighting systems used in New Zealand.

5. Improving the safety of children boarding and exiting school buses (\$42,600)

Principal Investigator: Peter Baas, TERNZ Ltd

The aim of this research is to develop measures that will reduce vehicle speeds near school buses that have stopped to pick up or drop off children. Specifically the goal of this project is to develop an affordable, active speed warning sign for school buses that can be activated when the bus is near or at the bus stop.

6. Evaluation of a cost-effective tool for collecting naturalistic driving data (\$97,000)

Principal Investigator: Peter Baas, TERNZ Ltd

This research will provide a clearer understanding of the types of driving behaviour (such as speeding and driving affected by alcohol or fatigue) that contribute to crash events on New Zealand roads. It will provide an effective tool for evaluating road safety interventions such as educational initiatives.

7. Clear zones, barriers and driving lines – mitigating the effects of crashes on corners (horizontal curves) (\$68,500)

Principal Investigator: Neil Jamieson, Opus International Consultants

This project aims to develop practices and guidelines for clear zones and barriers that make better use of available resources and lead to a reduction in injuries and fatalities from crashes on corners.

5.7 Scholarships

Since 1995 the Trust has funded road safety scholarships for postgraduate students, which can be held at any university in New Zealand. Availability of the scholarships is advertised annually in the New Zealand Vice-Chancellors' Committee *Scholarship Handbook* and on its website: www.universitiesnz.ac.nz.

These scholarships provide a useful avenue for encouraging students to consider road safety as a possible future career. To date 23 scholarships or equivalent research grants have been awarded to Masters and Doctoral students in psychology, engineering and other disciplines for relevant road safety research work.

Through these scholarships the Trust has made a substantial contribution to capacity building within the road safety research arena.

Road Safety Research Scholarships – 2009/10

Two PhD Scholars \$35,500

5.8 Trust initiatives

The Trust has continued to fund proactive initiatives to raise public awareness of the dangers of distraction while driving. Trust projects totalling \$2,091,761 were approved during the 2009/2010 financial year.

In 2008 the Trust launched the first phase of an advertising campaign highlighting the negative consequences than can occur as a result of drivers being distracted for just a few seconds. This initial campaign related to (and coincided with) the 2008 New Zealand basketball season, with the campaign’s primary message , “Keep your eyes on the action” promoted through targeted sponsorship and advertising, the use of pitch-side branding and through specially printed referee shirts. The message was subsequently promoted throughout the 2009 cricket and rugby seasons.

In addition to the sports aspect of the campaign, a new television commercial was launched in April 2009, which demonstrated the difficulty of concentrating on “Two things at the same time”. This message was also promoted in magazines, newspapers, online and bus-back advertising. A cinema advertisement, “Switch off before you drive off” was also introduced in 2009. These advertisements ran until the campaign was refreshed in July 2010.

One aspect of the refreshed campaign switches the focus from driver awareness to people who call mobile phones. Entitled “Kill the Conversation” the message appeals to callers of mobile phones to terminate the conversation when they become aware that the other party is driving a motor vehicle. This campaign is supported by radio and print media advertising.

As cellphone use is only one of a number of possible driver distractions, the Trust has commissioned the production of four fifteen-second television commercials to draw attention to these other kinds of distraction. This element of the campaign will focus on the dangers of applying make-up, eating, using mobile phones and shuffling mp3 players while driving.

In February 2010 the Trust also introduced an online link to the UK Driver Distraction Game through internet sites such as Facebook, MSN and Yahoo, as well as on the Trust’s own website.

Results of campaign monitoring indicate that, the Trust’s driver distraction campaign has achieved positive results. Some key highlights are:

- General awareness of advertising about driver distraction is now reported by 65 percent of surveyed respondents
- 35 percent of those surveyed mentioned “distraction” as a likely cause of motor vehicle crashes

- Awareness of the Trust's driver distraction campaign has remained stable, with the increase recorded in September 2009 sustained and a quarter of all respondents able to identify at least one aspect of the campaign without being prompted
- A survey of how well magazine readers recalled the Trust's "Two things at once" advertisement rated it 9th out of 50 advertisements in the magazine.

The Trust's distraction campaign initiatives are scheduled at Annex A (page 14).

5.9 Organisational developments

The Business Plan, established in the 2008-09 financial year, has been updated and continues to provide the Trust with a framework for focusing its activities over the next three years. The Business Plan defines the Trust's role and relevance, and provides a platform to ensure consistency in Trust operations. It outlines the Trust's key business objectives and the approach for achieving them.

Feedback has been very positive for the Trust's new look website, including some interesting links to overseas driver distraction resources from the United Kingdom and Canada, together with the advertising material developed for the Trust's own distraction campaign.

6. Finance

6.1 Revenue and expenditure

The Financial Statements contain details of revenue and expenditure from the Trust's twenty-first year of operation.

The Trust is funded from the Crown Share of the initial sale of every personalised number plate. Personalised Plates Ltd (PPL) is contracted to market personalised motor vehicle licence plates. Its main activities are:

- routine sales of personalised plates
- auctions of high-demand plates.

PPL's marketing and sales results provide the Trust with revenue. Since 1997, when the ownership of PPL changed, the Trust has been entitled to receive the entire Crown Share of PPL's earnings. Revenue received from PPL totalled \$1,065,267 for the year, down by \$166,604 on last year.

The Trust earned a total of \$415,603 in interest.

The Trust has achieved a net deficit of \$662,987 for the year ended 30 June 2010. This result was lower than the expected deficit of \$1,210,775. The main reason for this was the lack of quality grant applications.

Public Equity stands at \$9.8 million, remaining well above the minimum investment level and providing a solid capital base for the Trust.

Operating costs of \$203,391 were incurred during the year. These costs came in under budget.

6.2 Funding policy

The more flexible funding policy adopted in 2000, with all applications for both research and community projects being considered on their merits, has continued to operate.

6.3 Investment policy

The Trust investment policy was updated to record the changes to approved signatories for investing funds as a result of the formation of the NZ Transport Agency. The policy maintains a conservative approach to exposure, agreeing that the maximum investment limit with any one institution would be no more than 33% of the Trust funds, while ensuring that procedures were in place to retain the flexibility to take advantage of the best opportunities being offered. The investment level has remained above the minimum investment level of \$4.5 million.

6.4 Investments

The Trust's investments stand at \$10,266,575. Note 6 to the financial statements details the on-call funds, and note 8 the investment portfolio.

The Trust's investment portfolio is spread over four separate institutions and meets the requirements of the Public Finance Act 1989.

6.5 Concluding comment

The Trust will work to ensure that the forthcoming year will produce some well-thought-out and well-developed community road safety initiatives that fit its funding criteria. Strong proposals from the community will add to the very satisfying results achieved by the Trust's research funding and driver distraction campaign.

Annex A Road Safety Trust Initiatives

This chart shows the various elements of the Road Safety Trust's Driver Distraction campaign, and the amounts approved for each element during the year ended 30 June 2010.

Project Description	Amount
Kill the conversation	\$52,284
NZ Rugby Union Support	\$67,500
Campaign Monitoring	\$62,050
"Two Things at Once" TV activity	\$50,300
Multi Media Campaign	\$544,500
4x 15 second TV advertisements	\$275,000
Media Placement 2010	\$1,040,127
Total	\$2,091,761

FINANCIAL STATEMENTS

Statement of responsibility

In terms of the Crown Entities Act 2004 and the Public Finance Act 2004, the Trustees are responsible for the preparation of the Road Safety Trust's financial statements, and for the judgements made in them.

The Trustees of the Road Safety Trust have the responsibility for establishing, and have established a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Trustees' opinion, these financial statements fairly reflect the financial position and operations of the Road Safety Trust for the year ended 30 June 2010.

Signed on behalf of the Trustees:



Yvonne Sharp
Chairman
29 October 2010

.....



Ernst Zöllner
Trustee
29 October 2010

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Audit Report

To the readers of the Road Safety Trust's financial statements for the year ended 30 June 2010

The Auditor-General is the auditor of the Road Safety Trust (the Trust). The Auditor-General has appointed me, Kelly Rushton, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf. The audit covers the financial statements included in the annual report of the Trust for the year ended 30 June 2010.

Unqualified Opinion

In our opinion:

- The financial statements of the Trust on pages 20 to 38:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Trust's financial position as at 30 June 2010; and
 - the results of its operations and cash flows for the year ended on that date.

The audit was completed on 29 October 2010, and 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 Trustees and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error.

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

The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Trustees;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Trustees and the Auditor

The Trustees are responsible for preparing the financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Trust as at 30 June 2010 and the results of its operations and cash flows for the year ended on that date. The Trustee's responsibilities arise from the Crown Entities Act 2004.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

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.



K. M. Rushton
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of the Road Safety Trust for the year ended 30 June 2010 included on the Road Safety Trust's website. The Road Safety Trust's trustees are responsible for the maintenance and integrity of the Road Safety Trust's website. We have not been engaged to report on the integrity of the Road Safety Trust's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements as well as the related audit report dated 29 October 2010 to confirm the information included in the audited financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Actual 2010 \$	Budget 2010 \$	Restated 2009 \$
Income				
Personalised plates		1,065,267	1,210,000	1,231,871
Interest received		415,603	373,041	743,162
Other revenue	<u>2</u>	0	0	9,735
Total income		1,480,870	1,583,041	1,984,768
Expenditure				
Operating expenses	<u>3</u>	203,391	292,286	255,227
Grants	<u>4</u>	550,523	642,500	(369,985)
Trust initiatives	<u>5</u>	1,389,943	1,859,030	1,018,888
Total expenditure		2,143,857	2,793,816	904,130
Net surplus/(deficit)		(662,987)	(1,210,775)	1,080,638
Other comprehensive income		0	0	0
Total comprehensive income for the year		(662,987)	(1,210,775)	1,080,638

Explanations of significant variances against budget are detailed in note 20.

The accompanying notes form part of these financial statements.

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	Note	Actual 2010 \$	Budget 2010 \$	Restated 2009 \$
Assets				
Current assets				
Cash and cash equivalents	<u>6</u>	688,920	360,921	972,424
Debtors and other receivables	<u>7</u>	294,482	367,727	540,658
Prepayments		295	0	0
Investments	<u>8</u>	9,600,000	9,151,849	9,500,178
Total current assets		10,583,697	9,880,497	11,013,260
Total assets		10,583,697	9,880,497	11,013,260
Liabilities				
Current liabilities				
Creditors and other payables	<u>5/9</u>	353,144	350,921	319,720
Total current liabilities		353,144	350,921	319,720
Non-current liabilities				
Creditors and other payables	<u>9</u>	400,000	0	200,000
Total non-current liabilities		400,000	0	200,000
Total liabilities		753,144	350,921	519,720
Net assets		9,830,553	9,529,576	10,493,540
Equity				
General funds		9,830,553	9,529,576	10,493,540
Total equity	<u>5/10</u>	9,830,553	9,529,576	10,493,540

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Actual 2010 \$	Budget 2010 \$	Restated 2009 \$
Balance at 1 July		10,493,540	10,740,351	9,412,902
Total comprehensive income		(662,987)	(1,210,775)	1,080,638
Balance at 30 June	<u>5/10</u>	9,830,553	9,529,576	10,493,540

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Actual 2010 \$	Budget 2010 \$	Restated 2009 \$
Cash flows from operating activities				
Receipts from Personalised plates		1,117,959	1,360,523	1,231,871
Interest received		552,146	385,007	717,908
Receipts from other revenue		0	0	9,735
Payments to suppliers		(1,730,977)	(256,012)	(1,068,384)
Payments to trustees		(15,641)	(17,530)	(12,887)
Payments to grants		(66,279)	(2,442,263)	(248,333)
Goods & services tax (net)		(40,890)	10,442	(24,331)
Net cash from operating activities	11	(183,682)	(959,833)	605,579
Cash flows from investing activities				
Receipts from sale of investments		9,500,178	348,330	8,980,000
Acquisition of investments		(9,600,000)	0	(9,500,178)
Net cash from investing activities		(99,822)	348,330	(520,178)
Net (decrease)/increase in cash and cash equivalents		(283,504)	(611,503)	85,401
Cash and cash equivalents at the beginning of the year		972,424	972,424	887,023
Cash and cash equivalents at the end of the year	6	688,920	360,921	972,424

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 and to be consistent with the presentation basis of the other primary financial statements.

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Statement of accounting policies for the year ended 30 June 2010

Reporting entity

The Road Safety Trust is a Crown established trust and is domiciled in New Zealand. As such, the Road Safety Trust's ultimate parent is the New Zealand Crown.

The Road Safety Trust's primary objective is to provide public services to the NZ public, as opposed to that of making a financial return.

Accordingly, the Road Safety Trust 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 for the Road Safety Trust are for the year ended 30 June 2010, and were approved by the Trustees on 24 September 2010.

Basis of preparation

Statement of compliance

The financial statements of the Road Safety Trust have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). The financial statements comply with NZ IFRSs, and other applicable financial reporting standards, as appropriate for public benefit entities.

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 and all values are rounded to the nearest dollar. The functional currency of the Road Safety Trust is New Zealand dollars.

Changes in accounting policies

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

The Road Safety Trust has adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- NZ IAS 1 *Presentation of Financial Statements (Revised 2007)* replaces NZ IAS 1 *Presentation of Financial Statements (Issued 2004)*. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The Road Safety Trust has decided to prepare a single statement of comprehensive income for the year ended 30 June 2010 under the revised standard. Financial statement information for the year ended 30 June 2009 has been restated accordingly. Items

of other comprehensive income presented in the statement of comprehensive income were previously recognised directly in the statement of changes in equity.

- Amendments to NZ IFRS 7 *Financial Instruments: Disclosures*. The amendments introduce a three-level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of valuation inputs used. A maturity analysis of financial assets is also required to be prepared if this information is necessary to enable users of the financial statements to evaluate the nature and extent of liquidity risk. The transitional provisions of the amendment do not require disclosure of comparative information in the first year of application. The Road Safety Trust has elected to disclose comparative information.

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

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

- NZ IAS 24 *Related Party Disclosures (Revised 2009)* replaces NZ IAS 24 *Related Party Disclosures (Issued 2004)* and is effective for reporting periods commencing on or after 1 January 2011. The revised standard:
 - Removes the previous disclosure concessions applied by the Road Safety Trust for arms-length transactions between the Road Safety Trust and entities controlled or significantly influenced by the Crown. The effect of the revised standard is that more information is required to be disclosed about transactions between the Road Safety Trust and entities controlled or significantly influenced by the Crown.
 - Provides clarity on the disclosure of related party transactions with Ministers of the Crown. Further, with the exception of the Minister of Transport, the Ministry will be provided with an exemption from certain disclosure requirements relating to transactions with other Ministers of the Crown. The clarification could result in additional disclosures should there be any related party transactions with Ministers of the Crown.
 - Clarifies that related party transactions include commitments with related parties.

The Road Safety Trust expects it will early adopt the revised standard for the year ended 30 June 2011.

- 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 on the classification and measurement of financial assets 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 instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. The Road Safety Trust has not yet assessed the effect of the new standard and expects it will not be early adopted.

Significant accounting policies

1.1 Revenue

Revenue is measured at the fair value of consideration received or receivable.

Revenue from Personalised Plates

The Road Safety Trust is primarily funded from the Crown's share of the initial sale of personalised number plates, which is restricted in its use to making grants from these funds to traffic safety projects. Personalised Plates Ltd is contracted to market personalised motor vehicle number plates.

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

Interest

Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

1.2 Grant expenditure

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Road Safety Trust has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the grants approval committee and the approval has been communicated to the applicant.

Any grants that are rescinded are written back once the decision to rescind has been passed.

1.3 Cash and cash equivalents

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

1.4 Debtors and other receivables

Debtors 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.

Impairment of a receivable is established when there is objective evidence that the Road Safety Trust will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. 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 statement of

comprehensive income. 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 (i.e. not past due).

1.5 Investments

At each balance sheet date the Road Safety Trust assesses whether there is any objective evidence that an investment is impaired.

Bank deposits

Investments in bank deposits are initially measured at fair value plus transaction costs.

After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method.

For bank deposits, impairment is established when there is objective evidence that the Road Safety Trust will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into bankruptcy, and default in payments are considered indicators that the deposit is impaired.

1.6 Accounting for foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of comprehensive income.

1.7 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.

1.8 Equity

Equity is the Crown's investment in the Road Safety Trust and is measured as the difference between total assets and total liabilities.

1.9 Goods and Services Tax (GST)

All items in the financial statements are presented exclusive of GST. 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.

1.10 Income tax

The Road Safety Trust is a public authority and consequently is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for.

1.11 Budget figures

The budget figures are as approved by the Trustees at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Road Safety Trust for the preparation of the financial statements.

1.12 Critical accounting estimates and assumptions

In preparing these financial statements the Road Safety Trust has made estimates and assumptions concerning the future. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant will be disclosed by way of separate notes to the financial statements.

1.13 Critical judgements in applying the Road Safety Trust's accounting policies

Management has exercised the following critical judgements in applying the Road Safety Trust's accounting policies for the period ended 30 June 2010:

Non-government grants

The Road Safety Trust must exercise judgement when recognising grant expenditure 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.

2 Other revenue	Actual	Restated
	2010	2009
	\$	\$
Legal costs recovered from grantees	0	9,735
Total other revenue	0	9,735

3 Operating expenses		
	Actual	Restated
	2010	2009
	\$	\$
Fees to auditors: Audit fees for financial statement audit	9,671	10,575
Trustees' fees	8,030	6,280
Trustees' expenses	7,316	6,607
Bank charges	0	139
Printing	1,422	933
Advertising	13,685	14,513
NZTA support	137,481	192,765
Professional services	25,580	23,251
Miscellaneous	206	164
Total operating expenses	203,391	255,227

4 Grants		
	Actual	Restated
	2010	2009
	\$	\$
Grants approved during the year	400,000	0
Less grants rescinded	0	(270,860)
Less grants to be rescinded (under review with organisations)	0	(106,539)
Impairment of receivables (note 7)	150,523	7,414
Total grants	550,523	(369,985)

5 Prior period error

A prior period error has been corrected, in accordance with NZ International Accounting Standard (NZ IAS) 8. This correction is in respect of trust initiatives for the year ended 30 June 2009.

A total of \$246,811 of trust initiatives expenditure relating to the 2008/09 financial year, was not included for the year ended 30 June 2009. Therefore, the 2009 (comparative) results have been restated in the financial statements for the period ended 30 June 2009.

The financial statement line items affected are:

	Restated	Actual
	2009	2009
	\$	\$
Statement of comprehensive income		
Trust initiatives	1,018,888	772,077
Statement of financial position		
Creditors and other payables	319,720	72,909
General funds	10,493,540	10,740,351

6 Cash and cash equivalents				
	Note	Actual 2010 \$	Restated 2009 \$	
Cash on hand and at bank		22,345	32,512	
Cash equivalents - on-call account	a	666,575	939,912	
Total cash and cash equivalents		688,920	972,424	

a. The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value. The weighted average effective interest rate for term deposits is 2.75% (2009: 2.5%).

7 Debtors and other receivables				
		Actual 2010 \$	Restated 2009 \$	
Debtors		183,856	293,395	
Interest accrued		189,817	326,360	
GST receivable		71,332	30,442	
Less : provision for impairment		(150,523)	(109,539)	
Total debtors and other receivables		294,482	540,658	

The carrying value of receivables approximates their fair value.

The carrying amount of receivables that would otherwise be past due, but not impaired, whose terms have been renegotiated is nil (2009: nil).

As at 30 June 2010 and 2009, all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

	2010			2009		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	294,482	0	294,482	540,658	0	540,658
Past due 1-30 days	0	0	0	0	0	0
Past due 31-60 days	0	0	0	0	0	0
Past due 61-90 days	0	0	0	0	0	0
Past due >91 days	150,523	(150,523)	0	109,539	(109,539)	0
Total	445,005	(150,523)	294,482	650,197	(109,539)	540,658

The provision for impairment has been calculated based on expected losses for the Road Safety Trust's pool of debtors. Expected losses have been determined based on an analysis of Road Safety Trust's losses in previous periods, and review of specific debtors.

Those specific debtors that are insolvent are fully provided for. As at 30 June 2010 the Road Safety Trust has identified no debtors (2009: 3) totalling \$0 (2009: \$99,125) that are insolvent.

Movements in the provision for impairment of receivables are as follows:

	Actual 2010 \$	Restated 2009 \$
Balance at 1 July	109,539	102,125
Receivables written off during period	(109,539)	0
Additional provisions made during the year (note 4)	150,523	7,414
Balance at 30 June	150,523	109,539

8 Investments		
	Actual 2010 \$	Restated 2009 \$
Current investments are represented by:		
Term deposits	9,600,000	9,500,178
Total investments	9,600,000	9,500,178

There were no impairment provisions for investments.

Maturity analysis and effective interest rates of term deposits

The maturity dates and weighted average effective interest rates for term deposits are as follows:

	Actual 2010 \$	Restated 2009 \$
Term deposits with maturities of 4-6 months (average maturity 163 days)	2,200,000	0
<i>weighted average effective interest rate</i>	3.9%	0.0%
Term deposits with maturities of 6-12 months (average maturity 365 days)	5,400,000	9,500,178
<i>weighted average effective interest rate</i>	4.4%	5.5%
Term deposits with maturities in excess of 12 months (average maturity 385 days)	2,000,000	0
<i>weighted average effective interest rate</i>	4.6%	0.0%

The carrying amounts of term deposits approximate their fair value.

Short-term deposits are invested at fixed rates ranging from 3.92% - 5.00%. As these deposits are at a fixed interest rate and measured at amortised cost, an increase or decrease in interest rates during the period would not impact the measurement of the investments and hence there would be no impact on the surplus/deficit or equity.

The term deposits which make up the investments are detailed below:

	Date invested	Date matured	Interest rate	Current investments \$
Westpac term deposit	30-Jun-09	10-Dec-10	3.92%	2,200,000
ANZ term deposit	24-Sep-09	24-Sep-10	4.36%	1,100,000
Kiwibank term deposit	24-Sep-09	24-Sep-10	4.40%	2,100,000
ASB term deposit	20-Nov-09	10-Dec-10	4.25%	1,000,000
Kiwibank term deposit	20-Nov-09	10-Dec-10	5.00%	1,000,000
ANZ term deposit	31-Mar-10	31-Mar-11	4.45%	1,100,000
ASB term deposit	7-Apr-10	7-Apr-11	4.55%	1,100,000
Total investments				9,600,000

9 Creditors and other payables

	Actual 2010 \$	Restated 2009 \$
Current creditors and other payables are represented by:		
Creditors	104,748	257,737
Grants approved before 30 June 2010 but unpaid	195,704	61,983
Revenue received in advance	52,692	0
Total current portion	353,144	319,720
Non-current creditors and other payables are represented by:		
Grants approved before 30 June 2010 but unpaid	400,000	200,000
Total non-current portion	400,000	200,000
Total creditors and other payables	753,144	519,720

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

10 Equity

	Actual 2010 \$	Restated 2009 \$
General funds		
Balance at 1 July	10,493,540	9,412,902
Surplus/(deficit)	(662,987)	1,080,638
Total equity at 30 June	9,830,553	10,493,540

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

	Actual 2010 \$	Restated 2009 \$
Net surplus/(deficit) after tax	(662,987)	1,080,638
Add/(less) movements in working capital items:		
(Increase)/decrease in debtors and other receivables	246,176	(148,710)
(Increase)/decrease in prepayments	(295)	0
Increase/(decrease) in creditors and other payables	233,424	(326,349)
Net movements in working capital items	479,305	(475,059)
Net cash from operating activities	(183,682)	605,579

12 Commitments and operating leases**Commitments**

The Road Safety Trust has no commitments (2009: nil).

Operating leases as lessee

The Road Safety Trust has no operating leases (2009: nil).

13 Contingencies**Contingent liabilities**

The Road Safety Trust has no contingent liabilities (2009: \$12,772).

Contingent assets

The Road Safety Trust has no contingent assets (2009: nil).

14 Related party transactions and key management personnel**Related party transactions**

The Road Safety Trust is a wholly owned entity of the Crown. The government significantly influences the role of the Road Safety Trust.

The Road Safety Trust enters into transactions with government departments, state-owned enterprises and other Crown entities. Those transactions that occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those which is reasonable to expect the Road Safety Trust would have adopted if dealing with that entity at arm's length in the same circumstances have not been disclosed as related party transactions.

The following transactions were carried out with related parties other than those described above

All related party transactions have been entered into on an arms length basis.

The membership of the Trust includes the Chief Executive of the NZ Transport Agency (NZTA), or his nominee. The Trust provides funding to the NZTA for the provision of administrative support, which totalled \$137,481 for the year ended 30 June 2010 (2009: \$192,765).

A portion of the Road Safety Trust's resources is used to support road safety research, which is overseen by a Technical Advisory Committee. Funding for this research is covered by a memorandum of understanding between the Road Safety Trust and the NZTA. Additional funding of \$400,000 was approved by the Trust for the Technical Advisory Committee during the year ended 30 June 2010 (2009: nil). The Trust paid the committee \$66,280 during the year from grants approved in prior years (2009: \$97,000).

No provision has been required, nor any expense recognised for impairment of receivables from related parties (2009: nil).

Transaction	Transaction value		Balance outstanding	
	year ended 30 June		year ended 30 June	
	2010	2009	2010	2009
NZTA - Administrative support	137,481	192,765	0	0
NZTA - Technical advisory committee	66,280	97,000	636,688	302,968

Key management personnel compensation

	Actual	Restated
	2010	2009
	\$	\$
Salaries and other short-term employee benefits	8,030	6,280
Total key management personnel compensation	8,030	6,280

Key management personnel include all trustees, except for the nominee of the Chief Executive of the NZTA; Ernst Zollner is not paid a remuneration.

15 Trustee remuneration

The total value of remuneration paid or payable to each trustee during the year was:

	Actual	Restated
	2010	2009
	\$	\$
Y Sharp (Chair)	3,690	2,870
A Gainsford	2,170	1,860
R Morton	2,170	1,550
Total trustee remuneration	8,030	6,280

There have been no payments made to committee members appointed by the Trustees who are not Trustees during the financial year.

16 Events after the balance sheet date

There were no significant events after the balance sheet date.

17 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 2010 \$	Restated 2009 \$
Loans and receivables		
Cash and cash equivalents	688,920	972,424
Debtors and other receivables	294,482	540,658
Investments - term deposits	9,600,000	9,500,178
Total loans and receivables	10,583,402	11,013,260
Financial liabilities measured at amortised cost		
Creditors and other payables	753,144	519,720
Total financial liabilities measured at amortised cost	753,144	519,720

18 Financial instrument risks

The Road Safety Trust's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Road Safety Trust has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

The interest rates on the Road Safety Trust's investments are disclosed in note 7.

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 Road Safety Trust's exposure to fair value interest rate risk is limited to its bank deposits which are held at fixed rates of interest.

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. Investments and borrowings issued at variable interest rates expose the Road Safety Trust to cash flow interest rate risk.

The Road Safety Trust's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements. The Road Safety Trust currently has no variable interest rate investments.

Currency risk

A currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Road Safety Trust purchases goods and services overseas which require it to enter into transactions denominated in foreign currencies.

Credit risk

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

Due to the timing of its cash inflows and outflows, the Road Safety Trust invests surplus cash with registered banks. The Road Safety Trust's investment policy limits the amount of credit exposure to any one institution.

The Road Safety Trust has processes in place to review the credit quality of customers prior to the granting of credit.

The Road Safety Trust's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents (note 6), net debtors (note 7), and investments (note 8). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

The Road Safety Trust has no significant concentrations of credit risk, as it has a small number of credit customers and only invests funds with registered banks with specified Standard and Poor's credit ratings.

The Road Safety Trust holds investments with the ANZ bank, Kiwibank, ASB bank and Westpac bank as disclosed in notes 6 and 8. All investments are held with registered banks. These banks are part of the retail deposit guarantee scheme. This means that deposits up to \$1 million are guaranteed by the Crown.

Maximum exposure to credit risk

The Road Safety Trust's maximum credit risk exposure for each class of financial instrument is as follows:

	Actual 2010 \$	Restated 2009 \$
Cash and cash equivalents	688,920	972,424
Debtors and other receivables	294,482	540,658
Investments	9,600,000	9,500,178
Total credit risk	10,583,402	11,013,260

The credit quality of financial assets that are neither past due nor impaired can be assessed by referenced to Standard and Poor's credit ratings.

	Actual 2010 \$	Restated 2009 \$
Cash and cash equivalents and investments		
AA	7,188,920	7,872,602
AA-	3,100,000	2,600,000
Total cash and cash equivalents and investments	10,288,920	10,472,602

Liquidity risk

Liquidity risk is the risk that the Road Safety Trust will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash.

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

The table below analyses the Road Safety Trust's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	Less than 6 months \$	6-12 months \$	1-2 years \$	Carrying amount \$
2009				
Creditors and other payables (note 9)	257,737	61,983	200,000	519,720
2010				
Creditors and other payables (note 9)	157,440	195,704	400,000	753,144

The table below analyses the Road Safety Trust's financial assets into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	Less than 6 months \$	6-12 months \$	Carrying amount \$
2009			
Cash and cash equivalents (note 6)	972,424	0	972,424
Debtors and other receivables (note 7)	540,658	0	540,658
Investments (note 8)	6,200,178	3,300,000	9,500,178
2010			
Cash and cash equivalents (note 6)	688,920	0	688,920
Debtors and other receivables (note 7)	294,482	0	294,482
Investments (note 8)	7,400,000	2,200,000	9,600,000

Sensitivity analysis

The table below illustrates the potential effect on the surplus or deficit for reasonably possible market movements, with all other variables held constant, based on the Road Safety Trust's financial instrument exposure at balance date.

Interest rate risk	2010		2009	
	Effect on surplus or deficit		Effect on surplus or deficit	
	+1%	-1%	+1%	-1%
	\$	\$	\$	\$
Cash and cash equivalents and investments	49,688	(49,688)	59,109	(59,109)

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a 1% change in interest rates.

19 Capital management

The Road Safety Trust's capital is its equity, which comprises accumulated funds and other reserves. Equity is represented by net assets.

The Road Safety Trust is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

The Road Safety Trust manages its equity as a by-product of prudent managing revenues, expenses, assets, liabilities, investments, and general financial dealings to ensure the Road Safety Trust effectively achieves its objectives and purpose, whilst remaining a going concern.

20 Explanation of significant variances against budget

Explanations for significant variations from the Road Safety Trust's budgeted figures are as follows:

Statement of comprehensive income

Total income

Total income was down on budget by \$102,171. The current economic climate has impacted on plate sales, which has resulted in the Trust receiving \$144,733 less revenue from personalised plates than was budgeted. This was offset by the receipt of \$42,562 more interest than was budgeted.

Operating expenses

Operating expenses were below budget by \$88,895. Less secretariat staff supporting the Trust resulted in savings of \$55,284 from NZTA support. \$29,420 of the professional services budget, set aside for legal advice, an innovation workshop, and the technical advisory committee, was not utilised.

Grants

Grants were \$91,977 lower than budgeted. No grants were received from third parties this financial year that met the Trust's criteria. Only research funding of \$400,000 was granted. The balance of \$150,523 was the result of the Trust actively pursuing those organisations who have not complied with the conditions of their grants.

Trust internal initiatives

Trust initiatives were \$469,087 lower than budgeted. The Trust has initiated its own campaign to raise awareness of distracted driving. This campaign, along with these cost savings, will carry over into the 2010/11 financial year.

Statement of financial position

Cash and cash equivalents

Cash and cash equivalents were \$327,999 higher than budgeted. The change in cash and cash equivalents reflects the on-call funds that have been set aside for short term payables.

Debtors and other receivables

Debtors and other receivables were \$73,245 lower than budgeted. Interest accrued was \$124,577 lower than expected, but this was offset by a higher than budgeted GST refund due.

Investments

Investments were \$448,151 higher than budgeted. Less grants and trust initiatives has left more retained funds invested in term deposits.

Creditors and other payables

Creditors and payables were \$402,223 higher than budgeted. Higher accrued Trust initiative costs has increased the creditors balance by \$75,077. Grants approved before 30 June 2010 but unpaid was also \$274,454 higher than budgeted, with research grant funding still to be utilised. Plus, the revenue received in advance of \$52,692 was not budgeted for.

Equity

Equity was \$300,977 higher than budgeted. Equity levels reflect the deficit for the year, which was less than budgeted due to the variances explained under the statement of comprehensive income above.

Statement of cash flowsCash flows from operating activities

Net cash from operating activities was \$776,151 lower than budgeted. Operating cash flow movements reflect less receipts from Personalised Plates and less payments for grants and Trust initiatives.

Cash flows from investing activities

The difference in net cash from investing activities of \$448,152 to budget reflects the acquisition of funds into term deposits.