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ASB COMMUNITY TRUST

FINANCIAL STATEMENTS

PURSUANT TO SECTION 13 OF THE
COMMUNITY TRUSTS ACT 1999

ASB COMMUNITY TRUST**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2012**

	NOTE	Group		Trust	
		2012 \$000	2011 \$000	2012 \$000	2011 \$000
Revenue from Investments	2	(10,007)	105,648	(10,007)	105,648
Less:					
Fund Management, Custodian and Advisory Fees		(760)	(1,035)	(760)	(1,035)
Investment Margin		(10,767)	104,613	(10,767)	104,613
Other Income		2,186	2,599	2,186	2,599
Administration Expenses	7	(6,059)	(4,982)	(5,604)	(4,673)
Grants Committed during the year to Community Groups	5.1	(36,624)	(40,855)	(14,177)	(27,288)
Grants Committed during the year to ASB Community Trust Charitable Purposes Limited for granting to Community Groups in current and future years		-	-	(25,272)	-
Grants Written Back during the year		736	70	64	26
Grant Refunds Received during the year		27	10	11	5
(DEFICIT)/SURPLUS FOR THE YEAR		(50,501)	61,455	(53,559)	75,282
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income for the year		(50,501)	61,455	(53,559)	75,282

The notes on pages 8 to 32 are an integral part of these financial statements.

ASB COMMUNITY TRUST

STATEMENT OF CHANGES IN GROUP FUNDS
FOR THE YEAR ENDED 31 MARCH 2012

	Original Capital \$000	Capital Maintenance Reserve \$000	Group Real Capital \$000	Reserve for Grants \$000	Asset Revaluation Reserve \$000	Retained Surplus \$000	Total Group Funds \$000
Opening Balance 1 April	579,106	292,265	871,371	41,010	892	158,987	1,072,260
Total Comprehensive Income:	-	-	-	-	-	(50,501)	(50,501)
Deficit for the year	-	-	-	-	-	(50,501)	(50,501)
Total Comprehensive Income for the year	-	-	-	-	-	(50,501)	(50,501)
Transfer to Capital Maintenance Reserve	-	13,942	13,942	-	-	(13,942)	-
Net transfer to/(from) Reserve for Grants	-	-	-	491	-	(491)	-
Closing Balance 31 March	579,106	306,207	885,313	41,501	892	94,053	1,021,759

The notes on pages 8 to 32 are an integral part of these financial statements.

ASB COMMUNITY TRUST

STATEMENT OF CHANGES IN TRUST FUNDS
FOR THE YEAR ENDED 31 MARCH 2012

	Original Capital \$000	Capital Maintenance Reserve \$000	Trust Real Capital \$000	Reserve for Grants \$000	Asset Revaluation Reserve \$000	Retained Surplus \$000	Total Trust Funds \$000
Opening Balance 1 April	579,106	292,265	871,371	2,567	892	158,987	1,033,817
Total Comprehensive Income:							
Deficit for the year	-	-	-	-	-	(53,559)	(53,559)
Total Comprehensive Income for the year	-	-	-	-	-	(53,559)	(53,559)
Transfer to Capital Maintenance Reserve	-	13,942	13,942			(13,942)	-
Net transfer (from)/to Reserve for Grants	-	-	-	(2,567)	-	2,567	-
Closing Balance 31 March	579,106	306,207	885,313	-	892	94,053	980,258

The notes on pages 8 to 32 are an integral part of these financial statements.

ASB COMMUNITY TRUST							
STATEMENT OF CHANGES IN GROUP FUNDS							
FOR THE YEAR ENDED 31 MARCH 2011							
	Original Capital \$000	Capital Maintenance Reserve \$000	Group Real Capital \$000	Reserve for Grants \$000	Asset Revaluation Reserve \$000	Retained Surplus \$000	Total Group Funds \$000
Opening Balance 1 April	579,106	254,742	833,848	52,270	892	123,795	1,010,805
Total Comprehensive Income:							
Surplus for the year	-	-	-	-	-	61,455	61,455
Total Comprehensive Income for the year	-	-	-	-	-	61,455	61,455
Transfer to Capital Maintenance Reserve	-	37,523	37,523	-	-	(37,523)	-
Net transfer (from)/to Reserve for Grants	-	-	-	(11,260)	-	11,260	-
Closing Balance 31 March	579,106	292,265	871,371	41,010	892	158,987	1,072,260

The notes on pages 8 to 32 are an integral part of these financial statements.

ASB COMMUNITY TRUST

STATEMENT OF CHANGES IN TRUST FUNDS
FOR THE YEAR ENDED 31 MARCH 2011

	Original Capital	Capital Maintenance Reserve	Trust Real Capital	Reserve for Grants	Asset Revaluation Reserve	Retained Surplus	Total Trust Funds
Opening Balance 1 April	579,106	254,742	833,848	-	892	123,795	958,535
Total Comprehensive Income:							
Surplus for the year	-	-	-	-	-	75,282	75,282
Total Comprehensive Income for the year	-	-	-	-	-	75,282	75,282
Transfer to Capital Maintenance Reserve	-	37,523	37,523	-	-	(37,523)	-
Net transfer to/(from) Reserve for Grants	-	-	-	2,567	-	(2,567)	-
Closing Balance 31 March	579,106	292,265	871,371	2,567	892	158,987	1,033,817

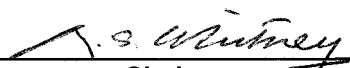
The notes on pages 8 to 32 are an integral part of these financial statements.


ASB COMMUNITY TRUST

STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2012

		Group		Trust	
	NOTE	2012	2011	2012	2011
		\$000	\$000	\$000	\$000
ASSETS					
Cash at Bank		7,581	7,062	7,581	7,062
Sundry Accounts Receivable		2,483	2,222	2,483	2,222
Investments	4	1,049,310	1,105,133	1,049,310	1,105,133
Fixed Assets	3	4,353	3,337	4,353	3,337
TOTAL ASSETS		1,063,727	1,117,754	1,063,727	1,117,754
LIABILITIES					
Sundry Accounts Payable		1,559	907	1,528	907
Loans from Community Trusts		1,334	1,193	1,334	1,193
Outstanding Grants Payable	5.2	39,075	43,394	9,594	21,475
Subsidiary Company Current Account		-	-	71,013	60,362
TOTAL LIABILITIES		41,968	45,494	83,469	83,937
NET ASSETS AT 31 MARCH		1,021,759	1,072,260	980,258	1,033,817
Represented by:					
FUNDS					
Original Capital	6.1	579,106	579,106	579,106	579,106
Capital Maintenance Reserve	6.1	306,207	292,265	306,207	292,265
Reserve for Grants	6.3	41,501	41,010	-	2,567
Asset Revaluation Reserve	6.2	892	892	892	892
Retained Surplus	6.4	94,053	158,987	94,053	158,987
FUNDS AT 31 MARCH		1,021,759	1,072,260	980,258	1,033,817

Approved on behalf of the Board:


Chair
Date 11 June 2012


Audit, Finance and Risk Committee Chair
Date 11 June 2012

The notes on pages 8 to 32 are an integral part of these financial statements.

ASB COMMUNITY TRUST

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2012

		Group		Trust	
	NOTE	2012 \$000	2011 \$000	2012 \$000	2011 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from fund managers		510,619	405,493	510,619	405,493
Interest received		185	178	185	178
Revenue received from other activities		1,794	1,350	1,794	1,350
Revenue received from donations		-	416	-	416
Total cash inflows from operating activities		512,598	407,437	512,598	407,437
Cash was disbursed on:					
Payments to fund managers		(464,803)	(362,610)	(464,803)	(362,610)
Payment to suppliers, trustees and staff		(5,214)	(4,735)	(5,214)	(4,735)
Fund management and advisory fees		(784)	(1,115)	(784)	(1,115)
Grants to community organisations		(40,207)	(39,489)	(25,994)	(26,710)
Grants paid to community organisations on behalf of subsidiary		-	-	(14,213)	(12,779)
Total cash outflows from operating activities		(511,008)	(407,949)	(511,008)	(407,949)
Net cash inflow (outflow) from operating activities	10	1,590	(512)	1,590	(512)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:					
Loans from Community Trusts		116	664	116	664
Cash was disbursed on:					
Purchase of fixed assets	3	(1,187)	(549)	(1,187)	(549)
Net cash (outflow) inflow from investing activities		(1,071)	115	(1,071)	115
Net cash inflow (outflow) from activities		519	(397)	519	(397)
Add: Cash at Bank at 1 April		7,062	7,459	7,062	7,459
Cash at Bank at 31 March		7,581	7,062	7,581	7,062
Cash at Bank at 31 March comprises:					
Cash at bank		7,581	7,062	7,581	7,062

The notes on pages 8 to 32 are an integral part of these financial statements.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012****1. STATEMENT OF ACCOUNTING POLICIES**

The ASB Community Trust ("the Trust"), formerly known as ASB Bank Community Trust, was formed on 30 May 1988 through the creation of a trust deed in compliance with the Trustee Banks Restructuring Act 1988. Under the terms of the trust deed the Trust was settled with 60 million \$1 fully paid ordinary shares in ASB Bank Limited representing 100% of the issued capital. As at 31 March 1988 the net tangible asset backing of those 60 million shares was \$147,655,000. In 1989 45 million shares were sold to the Commonwealth Bank of Australia for \$252,000,000 which was then donated to the ASB Charitable Trust. In October 2000, the remaining 15 million shares were sold to the Commonwealth Bank of Australia for \$545,000,000. On 27 February 2006 the Trustees of the ASB Charitable Trust resolved to distribute, on or before 31 March 2006, the capital of that Trust (including all accumulations of income and capital to that date less accrued liabilities) in specie to the ASB Bank Community Trust. Subsequent to this distribution the ASB Charitable Trust was wound up. The ASB Bank Community Trust formally changed its name to the ASB Community Trust by way a Deed dated 17 July 2006.

The Trust is a Public Benefit Entity which makes grants to qualifying entities in the Auckland and Northland region, and is domiciled in Auckland, New Zealand. The Trust's registered office is Allendale House, 50 Ponsonby Road, Auckland. The financial statements of the Trust as at and for the year ended 31 March 2012 comprise the Trust and its subsidiaries, ASB Community Trust Charitable Purposes Limited and ASB Trusts Amateur Public Sports Promotion Limited, collectively referred to as the Group. The Group is the reporting entity.

Basis of Preparation**Statement of Compliance:**

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). The Financial Statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and in accordance with, and compliance with the requirements of New Zealand Equivalents to the International Financial Reporting Standards (NZ IFRS), and other applicable financial reporting standards as appropriate for public benefit entities.

Functional and Presentation Currency:

These financial statements are prepared in New Zealand Dollars which is the presentation and functional currency.

Basis of Measurement:

The measurement basis adopted is that of historical cost except for financial assets and liabilities which are designated at fair value through profit or loss, and land and buildings which are revalued to market value.

Estimates and Judgements:

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expense. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and assumptions are used in making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of the NZ IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 3: Fixed Assets, Note 5: Grants and Note 9: Financial Assets and Liabilities.

ACCOUNTING POLICIES:**Group financial statements**

Subsidiaries are entities controlled by the Trust. The financial statements of the subsidiaries are included in the Group financial statements from the date of control to the date that control ceases. The financial statements have been prepared using uniform accounting policies for like transactions. Intra-group balances and income and expenses arising from intra-group transactions are eliminated in preparing the Group financial statements. The Trust's subsidiary company, ASB Trusts Amateur Public Sports Promotion Limited has not operated since incorporation.

Statement of Cash Flows

Cash comprises cash at bank but does not include cash or deposits held by the Fund Managers. Therefore the Statements of Cash Flows do not reflect the cash flows within the Fund Managers' portfolios.

Revenue from Pooled Funds, Dividends and Interest

Dividends are recognised as income on declaration date, and are recorded net of any imputation tax credits. Income from Pooled Funds comprises distributions recognised on declaration date, interest, realised and unrealised gains and losses including foreign exchange. Interest is recognised on an accrual basis, applying the effective interest income method.

Grants

Grants are accounted for as they are committed to be distributed to eligible organisations approved either by the Trustees of the Trust or Directors of the subsidiary company. Committed grants are payable on the satisfaction of any conditions of payment placed on the recipients. Grants no longer required or not fully utilised by grant recipients are shown separately in the Statements of Comprehensive Income as Grants Written Back or Grant Refunds Received.

From time to time the Trust may distribute grants to its subsidiary company ASB Community Trust Charitable Purposes Limited to provide grants for special initiatives approved by Trustees or for grants to community organisations in future years. At year end uncommitted funds held by the subsidiary company are disclosed as Reserve for Grants in the Statements of Financial Position.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012****Fixed Assets**

Fixed Assets with exception of land and buildings are measured at cost, less accumulated depreciation and accumulated impairment losses. Commencing from 1 April 2008 land and buildings are revalued to market value. The gain on revaluation is recognised as a revaluation reserve in Other Comprehensive Income in the Statements of Comprehensive Income.

From 1 April 2008 the Trust's building is no longer depreciated as it has a New Zealand Historic Places Trust classification and the useful life of the asset is considered indefinite.

Fixed Assets are reviewed annually to determine any impairment losses. Impairment losses are recognised in the Statements of Comprehensive Income.

Depreciation and Impairment Losses

Depreciation is provided over the useful life of the assets on the diminishing value basis.

The rates used are those approved by Trustees as follows:

	2012	2011
Land and Buildings	Nil	Nil
Office Equipment and Furniture	9.5% - 60.0%	9.5% - 60.0%

Foreign Currency Transactions and Balances

Foreign Currency transactions are recorded in New Zealand dollars at the spot exchange rate applying at the date of the transaction.

All outstanding balances denominated in foreign currencies at balance date are translated to New Zealand dollars at the balance date closing exchange rate.

All realised and unrealised gains and losses on foreign currency transactions are recognised in the Statements of Comprehensive Income.

Financial Assets

All assets that are financial instruments are recognised in the Statements of Financial Position.

All investments are initially recognised at fair value, being the fair value of consideration paid. Upon initial recognition, financial assets are designated at fair value through profit or loss as the Group manages the investments, based on their fair value. Investments are revalued to fair value at each reporting date. All realised and unrealised gains or losses on investments are recognised in the Statements of Comprehensive Income.

For investments that are actively traded in organised financial markets, fair value is determined by reference to exchange quoted market bid prices at the close of business on the Statement of Financial Position date. As these are quoted prices (unadjusted) in active markets for identical assets, they fall within Level 1 of the fair value hierarchy within *NZ IFRS 7 Financial Instruments: Disclosures*.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

Investments in pooled funds are valued at the unit exit price determined by the Fund Manager at the close of business on the Statement of Financial Position date. This is based either on:

- quoted prices (unadjusted) in active markets for the underlying fund assets, and fall within Level 1 of the NZ IFRS 7 fair value hierarchy, or
- inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (ie as prices) or indirectly (ie derived from prices), and fall within Level 2 of the NZ IFRS 7 fair value hierarchy, or
- inputs for the asset that are not based on observable market data (unobservable inputs), and fall within Level 3 of the NZ IFRS 7 fair value hierarchy.

Investment transactions are recorded by Fund Managers on a transaction date basis.

Financial assets are managed and have their performance evaluated on a fair value basis in accordance with risk management and investment strategies of the Group, as disclosed in Note 9.

The Group uses derivative financial instruments, in the form of forward exchange contracts, to reduce exposure to fluctuations in foreign currency denominated assets and liabilities. Forward exchange contracts are entered into to hedge foreign currency denominated assets. Derivatives are not held or issued for trading purposes. However derivatives not qualifying for hedge accounting purposes are accounted for as trading instruments. Derivative financial instruments are recognised initially at fair value and transactional costs are expensed immediately. Subsequent to initial recognition derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the Statements of Comprehensive Income.

The Group derecognises a financial asset when and only when the contractual rights to cash flows from the financial asset expire.

Sundry Accounts Receivable

Sundry Accounts Receivable consists of receivables due from third parties, prepayments and preliminary expenses incurred on behalf of a Limited Partnership to be incorporated to own and operate an integrated grants management system. A group of Community Trusts will be partners in the Limited Partnership. These are initially recognised at fair value and subsequently measured at amortised cost, less any impairment.

Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash held in the Trust's bank accounts with ASB Bank Limited. These accounts are all interest bearing.

Financial Liabilities

All liabilities that are financial instruments are recognised in the Statements of Financial Position.

Financial liabilities comprising Outstanding Grants Payable, Sundry Accounts Payable, Loans from Community Trusts, and the Subsidiary Company Current Account are stated at amortised cost.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012****Operating Leases**

Expenditure arising from operating leasing commitments is recognised in the Statement of Comprehensive Income in the period in which it is incurred.

Reserves

Transfers to the Capital Maintenance Reserve are based on the annual movement in the Consumer Price Index as described in Note 6.

Transfers to all other reserves from the Retained Surplus are made at the discretion of the Trustees of the Trust.

Taxation

The Income Tax Act 1994 provides exemption from income tax for Community Trusts established under the Trustee Banks Restructuring Act 1988. The amendment applied from the 2005 income year, and consequently no taxation has been provided for in these financial statements.

Changes in Accounting Policies

There were no changes in accounting policies during the financial year.

New Zealand Equivalents To International Financial Reporting Standards Issued But Not Yet Effective

New Zealand equivalents to International Financial Reporting Standards that have been issued but which are not yet in effect and that may have an impact on the Group's future accounting policies and disclosures are set out in Note 15.

2. REVENUE FROM INVESTMENTS

	Group		Trust	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Distributions and other Investment Income from Pooled Funds	14,382	21,027	14,382	21,027
Net Unrealised (Losses) Gains from Pooled Funds	(11,884)	108,004	(11,884)	108,004
Net Realised (Losses) from Pooled Funds	(23,071)	(30,308)	(23,071)	(30,308)
Interest from Segregated Accounts	5,505	5,226	5,505	5,226
Net Realised Gains from Segregated Accounts	3,552	1,469	3,552	1,469
Net Unrealised Gains from Segregated Accounts	1,509	230	1,509	230
	(10,007)	105,648	(10,007)	105,648

This Revenue relates to Financial Assets at Fair Value through profit or loss. No Financial Assets are Held for Trading.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012****3. FIXED ASSETS
GROUP AND TRUST**

	Land and Buildings (Valuation)	Work in Progress (Cost)	Office Equipment and Furniture (Cost)	Total
	\$000	\$000	\$000	\$000
Cost/ Revaluation				
Opening Balance at 1 April 2010	2,650	-	1,010	3,660
Additions	-	522	27	549
Disposals	-	-	(501)	(501)
Closing Balance at 31 March 2011	2,650	522	536	3,708
Opening Balance at 1 April 2011	2,650	522	536	3,708
Additions	-	1,630	58	1,688
Disposals and Derecognition	(589)	-	(137)	(726)
Closing Balance at 31 March 2012	2,061	2,152	457	4,670
Depreciation and Impairment Losses				
Opening Balance at 1 April 2010	-	-	783	783
Depreciation for year	-	-	50	50
Impairment Losses	-	-	-	-
Disposals	-	-	(462)	(462)
Closing Balance at 31 March 2011	-	-	371	371
Opening Balance at 1 April 2011	-	-	371	371
Depreciation for year	-	-	64	64
Impairment Losses	-	-	-	-
Disposals	-	-	(118)	(118)
Closing Balance at 31 March 2012	-	-	317	317
Carrying amounts				
Balance at 31 March 2011	2,650	522	165	3,337
Balance at 31 March 2012	2,061	2,152	140	4,353

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

The first revaluation of the Trust's property Allendale House, 50 Ponsonby Road, Auckland took place in August 2008. The valuation was undertaken by Colliers International NZ Limited, a qualified and independent, registered valuer. The valuation was based on the then current market value using an estimated market rental and capitalisation rates. The valuation took account of observable prices in an active market, and where estimates were used, on the basis of appropriate valuation techniques, with one of the key assumptions being occupancy rates. Land and Buildings were revalued to \$2.65 million at 31 March 2009, being the fair market value as determined by the valuation. The surplus on revaluation was \$892,000.

Allendale House has a Category 1 New Zealand Historic Places rating. During the 2010/11 financial year, as a part of its commitment to preserving Auckland's heritage, the Trust approved certain works for Allendale House. These works include the replacement of air conditioning systems and roof, earthquake strengthening, and the implementation of a fire retardant sprinkler system.

During the year an assessment was made of the long term viability of the Annexe to Allendale House built in 1991/92. As a result of this reassessment Trustees approved the demolition of the Annexe and its replacement with an Annexe more suited to the Trust's long term requirements. The 1991/92 Annexe was derecognised during this financial year. The derecognition cost is disclosed in Note 7: Administration Expenses.

These improvements are expected to enhance the value of the Trust's property.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012****4. INVESTMENTS**

	Group		Trust	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Managed by Fund Managers				
Balance as at 1 April	1,105,133	1,042,368	1,105,133	1,042,368
Movement in market value and investment income	(10,007)	105,648	(10,007)	105,648
Net withdrawals	(45,816)	(42,883)	(45,816)	(42,883)
	<u>1,049,310</u>	<u>1,105,133</u>	<u>1,049,310</u>	<u>1,105,133</u>
	Group		Trust	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Investments managed by Fund Managers comprise:				
Pooled Funds:				
Cash Fund	77,970	44,064	77,970	44,064
Forward Exchange Contracts	(152)	8,054	(152)	8,054
Global Bond Funds	123,129	221,124	123,129	221,124
Global Equity Funds	395,370	426,725	395,370	426,725
Global Property Fund	-	20,424	-	20,424
Emerging Markets Equity Funds	55,647	56,795	55,647	56,795
Hedge Funds	186,485	166,405	186,485	166,405
Collateralised Commodity Futures Fund	34,054	63,490	34,054	63,490
Private Equity NZD Denominated Funds	1,124	1,259	1,124	1,259
Private Equity USD Denominated Funds	5,174	-	5,174	-
Diversified Inflation Hedging Funds	59,077	-	59,077	-
Total Pooled Funds	<u>937,878</u>	<u>1,008,340</u>	<u>937,878</u>	<u>1,008,340</u>
New Zealand Bonds - Segregated Account	111,432	96,793	111,432	96,793
Portfolio total	<u>1,049,310</u>	<u>1,105,133</u>	<u>1,049,310</u>	<u>1,105,133</u>

These are long term investments.

5. GRANTS**5.1 Committed during this year to Community Groups**

	Group		Trust	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Grants Committed and disbursed	13,146	13,589	8,479	12,387
Grants Committed but unpaid	23,478	27,266	5,698	14,901
Total Grants approved and committed this year to Community Groups	<u>36,624</u>	<u>40,855</u>	<u>14,177</u>	<u>27,288</u>

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012****Outstanding Grants Payable**

Outstanding Grants Payable	Group		Trust	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Grants Committed in previous years	15,597	16,128	3,896	6,574
Grants Committed but unpaid this year	23,478	27,266	5,698	14,901
Total Grants outstanding as at 31 March	<u>39,075</u>	<u>43,394</u>	<u>9,594</u>	<u>21,475</u>

Reconciliation of Outstanding Grants Payable	Group		Trust	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Opening Balance at 1 April	43,394	42,098	21,475	20,923
Plus: Grants Committed during year	36,624	40,855	39,449	27,288
Less : Transfer to ASB Community Trust Charitable Purposes Limited Current Account	-	-	(25,272)	-
: Grants Paid to community groups	(40,207)	(39,489)	(25,994)	(26,710)
: Grants Written Back	(736)	(70)	(64)	(26)
Closing Balance at 31 March	<u>39,075</u>	<u>43,394</u>	<u>9,594</u>	<u>21,475</u>

Committed but unpaid Grants are recognised as liabilities on approval by the Board of Trustees or the directors of the Company. At balance date Committed but unpaid Grants totalled \$39.1 million (2011: \$43.4 million) for the Group and \$9.6 million (2011: \$21.5 million) for the Trust. The timing for the payment of these Grants is uncertain.

Committed but unpaid grants at 31 March 2012 had the following profile:

Financial Year Approved	Number of Group Grants Outstanding	Value of Group Grants Outstanding \$000	Number of Trust Grants Outstanding	Value of Trust Grants Outstanding \$000
2007	3	\$568	3	\$568
2008	-	-	-	-
2009	1	\$25	1	\$25
2010	8	\$5,513	-	-
2011	63	\$9,491	47	\$3,303
2012	182	\$23,478	86	\$5,698
Total	257	\$39,075	137	\$9,594

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

Committed but unpaid grants at 31 March 2011 had the following profile:

Financial Year Approved	Number of Group Grants Outstanding	Value of Group Grants Outstanding \$000	Number of Trust Grants Outstanding	Value of Trust Grants Outstanding \$000
2007	5	\$4,179	5	\$4,179
2008	-	-	-	-
2009	3	\$2,771	3	\$2,395
2010	38	\$9,178	-	-
2011	408	\$27,266	372	\$14,901
Total	454	\$43,394	380	\$21,475

6. TRUST FUNDS AND RESERVES

6.1 Original Capital and Capital Maintenance Reserve

Trust Real Capital

The Original Capital of the Trust arose from the sale of shares in the ASB Bank Limited. The Original Capital and the Capital Maintenance Reserve form the Trust Capital. Trustees are required to preserve the Trust Capital for the benefit of present and future generations. This is achieved by setting aside each year sufficient sums from Reserves to increase the Trust Capital by the annual rate of inflation as measured by the Consumer Price Index.

6.2 Asset Revaluation Reserve

As disclosed in the accounting policies, Land and Buildings are revalued to fair value. Formal valuations are performed on a five yearly basis unless there are indications for changes in fair value during the intervening periods. Land and Buildings were revalued for the first time during the year ended 31 March 2009. This gave rise to an asset revaluation reserve of \$892,000. Although the next formal revaluation is not due until the year ending 31 March 2014, the Trust intends to revalue its Land and Buildings once the current developments have been completed. Apart from the derecognition of the 1991/92 annexe there are no indications for fair value changes at 31 March 2012 (2011: none).

6.3 Reserve for Grants

The Reserve for Grants forms part of the Group and Trust Funds for the purpose of providing a stable flow of grants to the community during times of adverse investment earnings. During the 2010/11 year, the Trustees resolved to set aside \$2.6 million as a reserve in the Trust from which grants could be made in future years. Prior to year end the Trustees resolved to grant the balance of this reserve to the Trust's subsidiary company. The Trust has also irrevocably committed funds to its subsidiary company. These amounts were therefore transferred between Retained Surplus and Reserve for Grants. The balance of this reserve for the Group at year end was \$41.5 million. (2011: \$41.0 million)

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012****6.4 Retained Surplus**

The Retained Surplus forms part of the Group and Trust Funds which is used to provide a stable flow of grants to the community.

The Group and Trust Real (inflation proofed) Capital and Reserves form the Group and Trust Fund and maintain the capital base of the Group and Trust.

7. ADMINISTRATION EXPENSES

	Group		Trust	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000
Audit fees	70	75	70	75
Depreciation	64	50	64	50
Derecognition of Annexe	589	-	589	-
Loss on disposal of fixed assets	19	39	19	39
Legal fees	95	152	95	152
Occupancy costs-Rent and Opex	224	72	224	72
Occupancy costs-Other	95	82	95	82
Other operating costs	1,774	1,538	1,319	1,229
Public and statutory reporting	179	180	179	180
Staff expenses	2,461	2,366	2,461	2,366
Staff Superannuation - Defined contribution plans	44	44	44	44
Trustees' fees	246	237	246	237
Trustees' expenses	197	145	197	145
Tax advice (paid to KPMG - Auditors)	2	2	2	2
	6,059	4,982	5,604	4,673

8. RELATED PARTY INFORMATION

The following companies have been established by the Trust:

Name	Interest Held	Balance Date	Principle Purpose
ASB Trusts Amateur Public Sports Promotion Limited	100%	31 March	Grants to amateur sport bodies
ASB Community Trust Charitable Purposes Limited	100%	31 March	Grants for specific charitable purposes

These subsidiaries were incorporated on 29 March 2001. ASB Trusts Amateur Public Sports Promotion Limited has not operated since incorporation.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

ASB Community Trust Charitable Purposes Limited ("the Company") is a registered charity under the Charities Act 2005. Its registration number is CC38999. Grants totalling \$25.2 million were made by the Trust to the subsidiary company during the 2011/12 financial year (2011: Nil). At balance date the Current Account between the Trust and ASB Community Trust Charitable Purposes Limited totalled \$71.0 million (2011: \$60.4 million). The Company's constitution prohibits distributions to the Trust.

As defined by NZ IAS 24: Related Party Disclosures, Trustees are related parties of the Trust. As the Trustees are not employees of the Trust, they do not receive short term employee benefits, post employment benefits, other long term benefits, or termination benefits. Trustees are appointed by the New Zealand Government and remunerated at rates set by the Government. These rates were last set in June 2002, and have been revised with effect from 1 April 2012.

During the year Trustees received honoraria and meeting fees as follows:

Group and Trust	2012	2011
	\$	\$
E Auva'a	16,150	7,178
A Bell	12,115	-
M Brickell	16,193	11,555
C Craven	-	3,544
A Green	3,841	15,896
P Greenbank	2,325	12,732
A Hartley	16,143	29,390
P Kearns	14,059	14,629
J Kirk	1,366	14,846
K Kohere-Soutar	13,320	14,694
B Leveloff	18,670	15,266
L Lim	20,189	13,305
B Lythe	18,218	21,747
I McDougall	15,791	11,870
T Millar	14,425	-
M Milne	12,045	7,747
A Ngaro	6,040	-
S Pamaka	-	2,416
W Petera	-	1,366
B Plunkett	11,975	-
P Rowe	-	3,183
K Whitney	29,507	17,845
L Wilson	3,410	18,114
	\$ 245,782	\$ 237,323

There are no monies owing to or due from Trustees at 31 March 2012 (31 March 2011: Nil).

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012****9. FINANCIAL ASSETS AND LIABILITIES**

The Trust has the following financial assets and liabilities:

Financial Assets

	Group		Trust	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Cash at Bank	7,581	7,062	7,581	7,062
Sundry Accounts Receivable	2,483	2,222	2,483	2,222
Investments	1,049,310	1,105,133	1,049,310	1,105,133

Fair Value Hierarchy

The following table analyses Financial Assets carried at Fair Value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (ie as prices) or indirectly (ie derived from prices)
- Level 3: inputs for the asset that are not based on observable market data (unobservable inputs)

Cash Fund, Global Bond Fund, Diversified Inflation Hedging Funds, certain Global Equity and Emerging Markets Equity Funds are valued at fair value on the basis of Level 1 (quoted prices, unadjusted, in active markets for identical assets).

Investments in the Collateralised Commodities Futures Fund, Hedge Funds, Forward Exchange Contracts, certain Emerging Markets Equity Funds, Global Equity Funds and New Zealand Bonds are valued on the basis of Level 2 (value derived from inputs other than quoted prices within Level 1 that are observable for the asset, either directly (ie as prices) or indirectly (ie derived from prices)).

Investments in Private Equity Funds are valued on the basis of Level 3 (not based on observable market data).

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

Investments managed by Fund Managers comprise:		Group		Trust	
		2012	2011	2012	2011
		\$000	\$000	\$000	\$000
Level 1					
Cash Fund		77,970	44,064	77,970	44,064
Global Bond Funds		123,129	221,124	123,129	221,124
Global Equity Funds		287,906	426,725	287,906	426,725
Global Property Fund		-	20,424	-	20,424
Emerging Markets Equity Fund		26,565	28,854	26,565	28,854
Diversified Inflation Hedging Funds		59,077	-	59,077	-
Total Level 1		574,647	741,191	574,647	741,191
Level 2					
Forward Exchange Contracts		(152)	8,054	(152)	8,054
Collateralised Commodities Futures Fund		34,054	63,490	34,054	63,490
Hedge Funds		186,485	166,405	186,485	166,405
Global Equity Funds		107,464	-	107,464	-
Emerging Markets Equity Fund		29,082	27,941	29,082	27,941
New Zealand Bonds		111,432	96,793	111,432	96,793
Total Level 2		468,365	362,683	468,365	362,683
Level 3					
Private Equity NZD Denominated Funds		1,124	1,259	1,124	1,259
Private Equity USD Denominated Funds		5,174	-	5,174	-
Total Level 3		6,298	1,259	6,298	1,259
Portfolio total		1,049,310	1,105,133	1,049,310	1,105,133

Movements in Level 2 Financial Assets:**Forward Exchange Contracts**

Forward Exchange Contracts are not exchange-traded, but are recorded at fair value using readily available forward exchange rates (i.e. observable inputs). As such these contracts do not meet the criteria for Level 1 and have been reclassified as Level 2.

Hedge Funds

An in depth review by management of the valuation methodology adopted by Hedge Fund Managers concluded that fair value measurements are based on observable inputs (Net Asset Value) with a one month time lag in reporting and no unobservable adjustments to observable inputs to fair value measurement. On this basis the Hedge Funds meet the criteria for Level 2 disclosures, rather than Level 3, and have been reclassified accordingly.

Global Equity Fund

A Global Equity Fund Manager fair values the investment based on a net asset value published monthly. There are no significant unobservable inputs to the Fair Value measurement. Accordingly this investment does not meet the criteria of a Level 1 investment (unadjusted quoted prices in active markets) and has therefore been reclassified as Level 2.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012****Emerging Markets Equity Fund**

An Emerging Markets Equity Fund Manager fair values the investment based on a net asset value published monthly. There are no significant unobservable inputs to the Fair Value measurement. Accordingly this investment does not meet the criteria of a Level 1 investment (unadjusted quoted prices in active markets) and has therefore been reclassified as Level 2.

New Zealand Bonds

The segregated New Zealand Bond portfolio consists of New Zealand Government, Corporate and Local Authority Bonds, Treasury Bills, Corporate Short Term Notes and Cash. As these instruments are valued using a valuation technique based on observable inputs they have been reclassified as being Level 2, as they do not meet the criteria of a Level 1 investment (unadjusted quoted prices in active markets).

The prior year comparative figures have been amended to take account of these reclassifications.

Movements in Level 3 Financial Assets:

	Group		Trust	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Level 3				
Private Equity				
Private Equity NZD Denominated Committed Investment	5,000	5,000	5,000	5,000
Private Equity USD Denominated Committed Investment (US\$18m @.8195)	21,965	-	21,965	-
Total Commitment	26,965	5,000	26,965	5,000
Opening Balance	1,259	-	1,259	-
Drawdowns	5,665	1,280	5,665	1,280
Return of Capital	(1,047)	-	(1,047)	-
Changes in Fair Value reported through the Statement of Comprehensive Income	421	(21)	421	(21)
Closing Balance at 31 March	6,298	1,259	6,298	1,259

Financial Liabilities

	Group		Trust	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Sundry Accounts Payable	1,559	907	1,528	907
Outstanding Grants Payable	39,075	43,394	9,594	21,475
Loans from Community Trusts	1,334	1,193	1,334	1,193
Subsidiary Company Current Account	-	-	71,013	60,362
Total Financial Liabilities	41,968	45,494	83,469	83,937

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012****Risk Management**

Risks arising from the Group's financial assets and liabilities are inherent in the nature of the Group's activities, and are managed through an ongoing process of identification, measurement and monitoring. The Group is exposed to credit risk, liquidity risk, and market risk (including currency, interest rate and pricing risks).

The Group's income is generated from its financial assets. Liabilities which arise from its operations are met from cash flows provided by these assets.

Information regarding the fair value of assets and liabilities exposed to risk is regularly reported to the Trust's management, the Audit, Finance and Risk Committee, Investment Committee and ultimately to the Board of Trustees. Under normal circumstances the Investment Portfolio is regularly rebalanced to ensure that asset classes remain within the Strategic Asset Allocation set out in the Trust's Statement of Investment Policy and Objectives (SIPO).

The SIPO sets out the Trust's investment objectives. These can be summarised as to:

- maintain the real value of capital of the Trust in perpetuity.
- ensure a stable level of spending over time.
- maintain equity between present and future generations in perpetuity.

As a responsible member of the world community, the Group aims to demonstrate leadership by advancing universal principles and responsible corporate citizenship to make the global economy more sustainable and inclusive. The Group is a signatory to the United Nations Principles for Responsible Investment.

The Investment Portfolio

The Trust manages its Investment Portfolio in terms of its SIPO. The SIPO is monitored on a regular basis by the Board of Trustees and, as required, amended to reflect international best investment practice. The Portfolio's Strategic Asset Allocation is reviewed at three yearly intervals. The Strategic Asset Allocation was last reviewed in 2010. The Trust has engaged Cambridge Associates Limited as its Investment Adviser. The pricing of financial assets is undertaken by JP Morgan Chase Bank NA, the Trust's Custodian.

Portfolio Characteristics

The Group is not directly involved with the analysis, sale or purchase of individual asset securities. Investments are made into either pooled funds or segregated accounts with Fund Managers. The performance of each asset class is measured against an appropriate internationally accepted standard benchmark or index for each asset class.

The Investment Portfolio is allocated across four buckets, each representing various asset classes. Each bucket performs a specific role in the portfolio. In combination they provide diversification and an appropriate level of risk and return at the portfolio level.

Growth:

The Growth bucket forms the engine room of the portfolio and consists of listed public equities in developed and emerging markets as well as private equity investments.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012****Diversified:**

The Diversified bucket provides growth and volatility reduction and consists of long/short hedge funds and absolute return funds.

Inflation Proofing:

The Inflation Proofing bucket provides an inflation hedge, diversification and growth through a combination of real assets, both listed and unlisted such as commodities, property, natural resources and inflation-linked bonds.

Deflation Proofing:

The Deflation Proofing bucket provides a reduction in volatility and protection against any prolonged contraction. The bucket consists of fixed income and cash investments.

Credit Risk

Credit Risk represents the risk that a counterparty to a financial asset fails to discharge an obligation which will cause the Group to incur a financial loss.

The Group's credit risk arises from any default by a counterparty. The current exposure at balance date is the fair value of these assets as disclosed in the Statements of Financial Position.

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty or where a number of counterparties are engaged in similar business activities, geographic regions, or similar economic features that would influence their ability to meet their contractual obligations by reason of changes in economic, political or other conditions.

The Group manages credit concentration risks through:

- a diversified and non-correlated basket of investments across traditional and alternative classes
- through the use of a multi-fund manager approach to investments in its portfolio
- and by ensuring compliance with the individual mandate requirements of each investment.

The Trust's Custodian reviews the portfolio for compliance against each investment mandate on a regular basis and reports findings to the Group's Management and Board of Trustees. Fund of Fund Managers ensure that underlying product fund managers comply with Fund mandates.

The credit quality of the Group's Bond portfolio is managed by the Group using Standard & Poor's rating categories.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

Credit Risk Ratings of Investments					
Group and Trust					
31 March 2012					
	AAA to AA-	A+ to A-	BBB+ to B	CCC, NR Other	\$000
New Zealand Bonds	95.7%	4.3%	0.0%	0.0%	111,432
Global Bonds	57.8%	13.1%	23.2%	5.9%	123,129
Cash	81.0%	16.3%	2.4%	0.3%	77,970
Group and Trust					
31 March 2011					
					\$000
New Zealand Bonds	87.3%	12.7%	0.0%	0.0%	96,793
Global Bonds	56.0%	12.9%	25.8%	5.3%	221,124
Cash	85.3%	14.7%	0.0%	0.0%	44,064

Forward Exchange Contracts:

Hedging is undertaken by J P Morgan Chase Bank NA. At 31 March 2012 J P Morgan had a long term S & P credit rating of rating A+ (2011: AA-).

Group and Trust Outstanding Contracts	Carrying Amount \$000	Contractual Maturity (less than 1 month) \$000
2012		
Inflow		207,565
Outflow	(152)	(207,505)
2011		
Inflow	8,054	249,546
Outflow		(241,132)

Refer to Currency Risk note for hedged and unhedged currency exposure.

Liquidity Risk

Liquidity Risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities. This risk is managed through the Group's investment in a diversified portfolio of financial assets.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

The Group's investment portfolio mainly consisted of listed securities which under normal market conditions are readily convertible to cash. In addition the Trust maintains sufficient cash and cash equivalents to meet normal operating requirements. The Trust has also established a credit line with ASB Bank Limited.

The Group's financial liabilities comprise of Sundry Accounts Payable, Outstanding Grants Payable, and Loans from Community Trusts (and Subsidiary Company Current Account for the Trust). At balance date, all Accounts Payable were current, and are normally settled on the 20th of the month following invoice date. Outstanding Grants Payable are settled as the terms and conditions of payment for each grant are satisfied. Loans from Community Trusts will be transferred to a Limited Partnership which will own and operate a grants management system on behalf of a number of participating Community Trusts. The inter-group Current Account is between the Trust and its subsidiary company who transact on a regular basis.

Market Risk

Market Risk is the risk that the fair value of future cash flows from financial assets and liabilities will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and market prices. Market risk is managed and monitored using sensitivity analysis and minimised by ensuring that all investment activities are undertaken in accordance with established mandate limits and the investment strategies set out in the Group's SIPO.

Interest Rate Risk

Interest Rate Risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial assets. The Group's investment in global bonds is held in a pooled fund. As such movements in interest rates will be reflected in each pooled fund's fair value asset pricing. NZ Bonds are held in a segregated account. The exposure to movement in the fair value of the Group's bond portfolios is discussed in the note on Price Risk.

The Group's cheque and call accounts are interest bearing. Any movement in interest rates on these accounts is minimal and is not considered to be material.

Currency Risk

Currency Risk is the risk that the fair value of, or future cash flows from foreign currency denominated financial assets and amounts owing under foreign currency denominated financial liabilities will fluctuate due to changes in foreign currency exchange rates. The Group is exposed to currency risk both directly through investments denominated in a foreign currency and also indirectly where investment funds invest in foreign currency securities. Global Equity Funds and Inflation Hedging Assets are 50% hedged and Hedge Funds are hedged within a range of 50-100%. Global Fixed Interest Investments are 100% hedged. Emerging Markets Equity Funds, Private Equity and Cash are not hedged. All hedging is back to the New Zealand dollar. Liabilities denominated in foreign currencies are fully hedged back to New Zealand dollars at the time that the obligation is entered into.

Implementation of hedging contracts for the investment portfolio follows the month end valuation of the portfolio. Any movements in markets during this period may result in the portfolio being under or over hedged. These are not considered material, and will have minimal impact on the fair value of or future cash flows from the Group's financial assets.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

At balance date the Group's exposure to currency risk was as follows:

	Group		Trust	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Financial assets with currency exposure	858,936	954,963	858,936	954,963
Hedged currency exposure as at 31 March	(521,952)	(620,505)	(521,952)	(620,505)
Unhedged currency exposure at 31 March	<u>336,984</u>	<u>334,458</u>	<u>336,984</u>	<u>334,458</u>
USA and Canada	232,872	224,302	232,872	224,302
United Kingdom and Europe	56,375	61,338	56,375	61,338
Australia	29,082	27,941	29,082	27,941
Japan and Far East	18,655	20,877	18,655	20,877
Unhedged currency exposure at 31 March	<u>336,984</u>	<u>334,458</u>	<u>336,984</u>	<u>334,458</u>

Pricing Risk

Pricing Risk is the risk that the fair value of financial assets will increase or decrease as a result of changes in market prices, whether these changes are caused by factors specific to individual stocks or factors affecting all financial assets in the market. Pricing risks arise from the Group's investment portfolio.

The Group's financial assets are priced at fair value by the Trust's Custodian. The effect on the Group's Statement of Comprehensive Income and Statement of Financial Position at 31 March 2012, due to a reasonably possible change in market risk (including interest rate risk, currency risk and pricing risk) is represented in the following table:

	Sensitivity Range (-1 to +1 standard deviation from the expected annual return)	Sensitivity Impact (from the expected annual return) \$000
Growth Assets	-6.0% to +26.8%	-27,393 to +122,357
Diversified Assets	-0.9% to +17.3%	-1,503 to +28,888
Inflation Proofing Assets	-4.8% to +21.4%	-5,428 to +24,200
Deflation Proofing Assets	+0.6% to +10.6%	+1,921 to +33,944
Total Portfolio	-1.1% to +17.8%	-11,625 to +187,061

There is a 68% probability that the return in any one year will be within the range of -1.1% to +17.8%.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

The effect on the Group's Statement of Comprehensive Income and Statement of Financial Position as at 31 March 2011, due to a possible change in market risk (including interest rate risk, currency risk and pricing risk) is represented in the following table:

	Sensitivity Range (-1 to +1 standard deviation from the expected annual return)	Sensitivity Impact (from the expected annual return) \$000
Growth Assets	-5.8% to +26.6%	-28,044 to +128,616
Diversified Assets	-1.0% to +17.4%	-1,664 to +28,954
Inflation Proofing Assets	-6.6% to +23.4%	-5,261 to +19,930
Deflation Proofing Assets	+0.1% to +11.5%	+362 to +41,628
Total Portfolio	-0.8% to +17.6%	-8,841 to +194,503

There is a 68% probability that the return in any one year will be within the range of -0.8% to +17.6%.

These sensitivity analyses are based on the volatility of each asset class and the portfolio as a whole, as measured by plus or minus one standard deviation. The overall effect of the Group's diversified portfolio of uncorrelated financial assets is to reduce volatility and stabilise investment returns over time.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012****10. RECONCILIATION OF REPORTED SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	Group		Trust	
	2012	2011	2012	2011
	\$000	\$000	\$000	\$000
Reported (deficit)/surplus	(50,501)	61,455	(53,559)	75,282
Add: Non-cash Items				
Depreciation	64	50	64	50
Loss on derecognition and disposal of fixed assets	608	39	608	39
Movements in working capital items:				
Increase in Sundry Accounts Payable	151	78	120	78
(Increase) in Sundry Accounts Receivable	(236)	(665)	(236)	(665)
(Decrease) Increase in Outstanding Grants Payable	(4,319)	1,296	(11,881)	552
Increase (Decrease) in Subsidiary Company Current Account	-	-	10,651	(13,083)
Net Cash Inflows from Fund Managers	45,816	42,883	45,816	42,883
	41,412	43,592	44,470	29,765
Investment income reinvested	10,007	(105,648)	10,007	(105,648)
Net Cash Inflow/(Outflow) from operating activities	1,590	(512)	1,590	(512)

11. OPERATING LEASE COMMITMENTS

The Trust has entered into a lease for premises at 8 College Hill, Auckland. The lease expires on 30 September 2012. Lease rental commitments (incl Opex) to 30 September 2012 total \$115,000 (to 30 June 2011 totalled: \$54,000).

12. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Other than committed grants for the group totalling \$39.1 million (2011: \$43.4 million) and capital commitments to the Allendale House Remedial Works \$3.1 million (2011: \$1.1 million), the Trust has no other material capital commitments.

The Trust has acted as the Project Leader for the Combined Community Trusts' database project. Project costs are shared by the participating Trusts on an agreed basis. The other participating Trusts have provided loans to the Trust to meet development and implementation costs. Once the project has been completed, ownership of the database, along with loans from the participating Trusts will be transferred to a Limited Partnership. The loans will be extinguished by way of calls on capital of the Limited Partnership. It is anticipated that the Limited Partnership will be established during the 2012/13 financial year.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

During the 2011 financial year the Group committed \$5 million to a New Zealand based infrastructure fund. Of this sum, \$1.28 million was drawn down during the 2010/11 year. No further drawdowns were made but capital of \$0.14 million was returned during the 2012 financial year. The Group has a contingent liability for the remaining \$3.86 million (2011: \$3.72 million). Calls on the Group's commitment will be made by the Fund Manager as further investments are made.

During the 2011/12 financial year the Group committed \$US18.0 million (\$NZ22.0 million) to three private equity/venture capital funds. A net amount of \$US3.9 million (\$NZ4.8 million) was drawn down during the year. The Group has a contingent liability for the remaining \$US14.1 million.

13. CONFLICTS OF INTEREST

During the year Trustees and staff were required to declare either a direct or indirect conflict of interest in any matters being considered by the Trust. A register of interests is maintained by the Trust.

At the commencement of a meeting, Trustees are asked to disclose any interest in the upcoming business. A Trustee who has an interest in any matter before the meeting must not be counted in the quorum present at the meeting, not vote in respect of the matter, and absent him/herself from discussion or consideration of the matter. If, because of the number of Trustees who have an interest in the matter the meeting would fail for want of a quorum and it is a meeting of a Committee of Trustees, the matter is referred to a meeting of the Board of Trustees. If a meeting of the Board of Trustees would fail for want of a quorum because of the number of Trustees with an interest in the matter under consideration, then those Trustees who have the interest must sign a certificate for entry in the minutes certifying that the matter is in the best interest of the Trust and cause details of the matter and the nature of the Trustee's interest to be included in the next financial statements of the Trust.

At their meeting on 28 November 2011 the Trustees resolved to effect Trustee Liability Insurance for the sum of \$10 million at a premium cost of \$21,840 (2011: \$19,845).

All of the Trustees signed the resolution approving the purchase of the Trustee Liability Insurance along with a certificate certifying that the transaction was in the best interests of the Trust as the terms of the insurance and the cost were recommended by the Trust's brokers as being appropriate and reasonable.

14. MATERIAL EVENTS AFTER BALANCE DATE

The Limited Partnership to be established to own and operate an integrated grants management system for the Community Trusts will commence business during the 2012/13 financial year. Ownership of the grants management system along with preliminary expenses and loans from the participating Community Trusts will be transferred to the Limited Partnership at this date. Apart from this item, there were no material events after balance date which required adjustment to the Financial Statements for the year ended 31 March 2012 (2011: none).

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012****15. NEW ZEALAND EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The following table outlines details of New Zealand equivalents to International Financial Reporting Standards that have been issued but are not yet in effect.

Standard Reference	Standard Title	Effective Date (accounting periods beginning on or after)	Application Date for Group
NZ IFRS 9	Financial Instruments: Classification and Measurement	1 January 2015	1 April 2015
NZ IFRS 7	Amendments to NZ IFRS 7 Financial Instruments Disclosures – Transfer of Financial Assets	1 July 2011	1 April 2012
FRS 44	NZ Additional Disclosures	1 July 2011	1 April 2012
Harmonisation Amendment	Amendments to New Zealand Equivalents to International Financial Reporting Standards to harmonise with International Financial Reporting Standards and Australian Accounting Standards.	1 July 2011	1 April 2012

NZ IFRS 9 (2009) Financial Instruments: The requirements of this standard represent a significant change from the existing requirements of NZ IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value, and eliminates the existing NZ IAS 39 categories of held to maturity, available for sale, and loans and receivables. Financial assets would be measured at amortised cost if they are held to collect contractual cash flows and interest on specified dates. All other financial assets would be measured at fair value.

NZ IFRS 9 (2010) Financial Instruments: The requirements for classifying and measuring financial liabilities were added to NZ IFRS 9 as issued in 2009. The existing NZ IAS 39 requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities, the change in fair value is accounted for as follows: The change attributable to changes in credit risk are presented in Other Comprehensive Income, the remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

NZ IFRS 7 Financial Instruments: Amendments to Financial Instrument Disclosures to enhance the transparency of disclosure requirements for the transfer of financial assets.

FRS 44 : NZ Additional Disclosures: This standard relocates NZ specific disclosures from other standards to one place and revises disclosures in a number of areas including compliance with NZ IFRS, the statutory basis or reporting framework for financial statements, audit fees, reconciliation of net operating cash flow to profit (loss), prospective financial statements.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

Harmonisation Amendments: The aim of the harmonisation is to eliminate the differences between accounting standards in Australia and New Zealand and create more comparability in financial reporting between the countries. As a result a number of NZ specific requirements have been removed or amended. Included in these are; remove the disclosures which have been relocated to FRS 44, harmonise audit fee disclosure requirements in NZ IAS 1, introduce the option to use the indirect method of reporting cash flows in NZ IAS 7, introduce an accounting policy choice to use the cost model for investment property under NZ IAS 40, remove the requirement to use an independent valuer and the related disclosure requirements currently in NZ IAS 16 and NZ IAS 40, remove some NZ-specific disclosures.

The Group does not plan to early adopt any of the above noted Financial Reporting Standards. A formal impact assessment has been undertaken. These Standards are not expected to have a material impact on the Group's financial statements in the period of initial application.



Independent Auditor's report

To the Trustees of ASB Community Trust

Report on the Trust and Group Financial Statements

We have audited the accompanying financial statements of ASB Community Trust ("the Trust") and the Group, comprising the Trust and its subsidiaries, on pages 1 to 32. The financial statements comprise the statement of financial position as at 31 March 2012, the statements of comprehensive income, changes in funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information for both the Trust and Group.

Trustees' responsibility for the Trust and Group financial statements

The Trustees are responsible for the preparation of Trust and Group financial statements in accordance with generally accepted accounting practice in New Zealand that give a true and fair view of the matters to which they relate, and for such internal control as the Trustees determine is necessary to enable the preparation of Trust and Group financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these Trust and Group financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Trust and Group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Trust and Group financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust and Group's preparation of the financial statements that give a true and fair view of the matters to which they relate 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 and Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm has also provided other services to the Trust in relation to taxation services. Partners and employees of our firm may also deal with the Trust and Group on normal terms within the ordinary course of trading activities of the Trust and Group. These matters have not impaired



our independence as auditors of the Trust and Group. The firm has no other relationship with, or interest in, the Trust and Group.

Opinion

In our opinion the financial statements on pages 1 to 32:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial positions of the Trust and the Group as at 31 March 2012 and of the financial performance and cash flows of the Trust and the Group for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by ASB Community Trust and its subsidiaries as far as appears from our examination of those records.

KPMG

20 June 2012

Auckland