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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 2014**

	NOTE	Group		Trust	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000
Revenue from Investments	2	81,686	81,165	81,686	81,165
Less:					
Fund Management, Custodian and Advisory Fees		(1,138)	(836)	(1,138)	(836)
Investment Margin		80,548	80,329	80,548	80,329
Other Income		2,132	2,151	2,710	2,151
Administration Expenses	7	(5,760)	(5,482)	(4,895)	(5,118)
Grants Committed during the year to Community Groups	5.1	(34,913)	(21,100)	-	-
Grants Committed during the year to ASB Community Trust Charitable Purposes Limited for granting to Community Groups in current and future years		-	-	(50,000)	(38,500)
Grants Written Back during the year		605	447	199	255
Grant Refunds Received during the year		15	15	-	5
SURPLUS FOR THE YEAR		42,627	56,360	28,562	39,122
Other Comprehensive Income					
Revaluation Loss on Land and Buildings		(152)	(381)	(152)	(381)
Total Comprehensive Income for the year		42,475	55,979	28,410	38,741

The notes on pages 8 to 31 are an integral part of these financial statements.

ASB COMMUNITY TRUST

STATEMENT OF CHANGES IN GROUP FUNDS
FOR THE YEAR ENDED 31 MARCH 2014

	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	314,175	893,281	58,739	511	125,207	1,077,738
Total Comprehensive Income:							
Surplus for the year	-	-	-	-	-	42,627	42,627
Revaluation Loss on Land and Buildings	-	-	-	-	(152)	-	(152)
Total Comprehensive Income for the year	-	-	-	-	(152)	42,627	42,475
Transfer to Capital Maintenance Reserve	-	13,399	13,399	-	-	(13,399)	-
Net transfer to/(from) Reserve for Grants	-	-	-	14,065	-	(14,065)	-
Closing Balance 31 March	579,106	327,574	906,680	72,804	359	140,370	1,120,213

The notes on pages 8 to 31 are an integral part of these financial statements.

ASB COMMUNITY TRUST

STATEMENT OF CHANGES IN TRUST FUNDS
FOR THE YEAR ENDED 31 MARCH 2014

	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	314,175	893,281	-	511	125,207	1,018,999
Total Comprehensive Income:							
Surplus for the year	-	-	-	-	-	28,562	28,562
Revaluation Loss on Land and Buildings	-	-	-	-	(152)	-	(152)
Total Comprehensive Income for the year	-	-	-	-	(152)	28,562	28,410
Transfer to Capital Maintenance Reserve	-	13,399	13,399	-	-	(13,399)	-
Net transfer (from)/to Reserve for Grants	-	-	-	-	-	-	-
Closing Balance 31 March	579,106	327,574	906,680	-	359	140,370	1,047,409

The notes on pages 8 to 31 are an integral part of these financial statements.

ASB COMMUNITY TRUST

STATEMENT OF CHANGES IN GROUP FUNDS
FOR THE YEAR ENDED 31 MARCH 2013

	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	306,207	885,313	41,501	892	94,053	1,021,759
Total Comprehensive Income:							
Surplus for the year	-	-	-	-	-	56,360	56,360
Revaluation Loss on Land and Buildings	-	-	-	-	(381)	-	(381)
Total Comprehensive Income for the year	-	-	-	-	(381)	56,360	55,979
Transfer to Capital Maintenance Reserve	-	7,968	7,968	-	-	(7,968)	-
Net transfer to/(from) Reserve for Grants	-	-	-	17,238	-	(17,238)	-
Closing Balance 31 March	579,106	314,175	893,281	58,739	511	125,207	1,077,738

The notes on pages 8 to 31 are an integral part of these financial statements.

ASB COMMUNITY TRUST

STATEMENT OF CHANGES IN TRUST FUNDS
FOR THE YEAR ENDED 31 MARCH 2013

	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	306,207	885,313	-	892	94,053	980,258
Total Comprehensive Income:							
Surplus for the year	-	-	-	-	-	39,122	39,122
Revaluation of Land and Buildings	-	-	-	-	(381)	-	(381)
Total Comprehensive Income for the year	-	-	-	-	(381)	39,122	38,741
Transfer to Capital Maintenance Reserve	-	7,968	7,968	-	-	(7,968)	-
Net transfer (from)/to Reserve for Grants	-	-	-	-	-	-	-
Closing Balance 31 March	579,106	314,175	893,281	-	511	125,207	1,018,999

The notes on pages 8 to 31 are an integral part of these financial statements.

ASB COMMUNITY TRUST


STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2014

STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2014					
	NOTE	Group		Trust	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000
ASSETS					
Cash at Bank		1,911	2,794	1,911	2,794
Investments	4	1,141,180	1,097,018	1,141,180	1,097,018
Fixed Assets	3	8,648	8,897	8,648	8,897
Other Assets		892	1,113	892	1,113
TOTAL ASSETS		1,152,631	1,109,822	1,152,631	1,109,822
LIABILITIES					
Sundry Accounts Payable		1,074	2,245	1,063	2,213
Outstanding Grants Payable	5.2	31,344	29,839	743	3,409
Subsidiary Company Current Account	8	-	-	103,416	85,201
TOTAL LIABILITIES		32,418	32,084	105,222	90,823
NET ASSETS AT 31 MARCH		1,120,213	1,077,738	1,047,409	1,018,999
Represented by:					
FUNDS					
Original Capital	6.1	579,106	579,106	579,106	579,106
Capital Maintenance Reserve	6.1	327,574	314,175	327,574	314,175
Reserve for Grants	6.3	72,804	58,739	-	-
Asset Revaluation Reserve	6.2	359	511	359	511
Retained Surplus	6.4	140,370	125,207	140,370	125,207
FUNDS AT 31 MARCH		1,120,213	1,077,738	1,047,409	1,018,999

Approved on behalf of the Board:


Chair

Date 30 June 2014


Audit, Finance and Risk Committee Chair

Date 30 June 2014

The notes on pages 8 to 31 are an integral part of these financial statements.

ASB COMMUNITY TRUST**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2014**

	NOTE	Group		Trust	
		2014 \$000	2013 \$000	2014 \$000	2013 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from fund managers		117,118	193,824	117,118	193,824
Interest received		116	140	116	140
Revenue received from other activities		2,052	2,054	2,052	2,054
Total cash inflows from operating activities		119,286	196,018	119,286	196,018
Cash was disbursed on:					
Payments to fund managers		(79,595)	(160,369)	(79,595)	(160,369)
Payment to suppliers, trustees and staff		(5,171)	(5,396)	(5,171)	(5,396)
Fund management and advisory fees		(1,083)	(828)	(1,083)	(828)
Grants to community organisations		(32,803)	(29,889)	(2,467)	(5,930)
Grants paid to community organisations on behalf of subsidiary		-	-	(30,336)	(23,959)
Total cash outflows from operating activities		(118,652)	(196,482)	(118,652)	(196,482)
Net cash inflow (outflow) from operating activities	10	634	(464)	634	(464)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:					
Loans from Community Trusts		-	25	-	25
Proceeds from Other Assets		-	2,382	-	2,382
Cash was disbursed on:					
Repayment of Loans from Community Trusts		-	(1,334)	-	(1,334)
Purchase of Assets		(1,517)	(5,396)	(1,517)	(5,396)
Net cash outflow from investing activities		(1,517)	(4,323)	(1,517)	(4,323)
Net cash outflow from activities		(883)	(4,787)	(883)	(4,787)
Add: Cash at Bank at 1 April		2,794	7,581	2,794	7,581
Cash at Bank at 31 March		1,911	2,794	1,911	2,794
Cash at Bank at 31 March comprises:					
Cash at bank		1,911	2,794	1,911	2,794

The notes on pages 8 to 31 are an integral part of these financial statements.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014****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 of 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 2014 comprise the Trust and its subsidiaries, ASB Community Trust Charitable Purposes Limited, Centre for Social Impact New Zealand 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 2014**

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 NZ IFRS that may 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 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. One of the Trust's subsidiary companies, ASB Trusts Amateur Public Sports Promotion Limited, has not operated since incorporation. Centre for Social Impact New Zealand Limited, (a subsidiary incorporated on 30 September 2013) will not commence operations until the 2014/15 financial year.

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 and Segregated Accounts, Dividends and Interest

Dividends are recognised as income on declaration date, and are recorded net of any imputation tax credits. Income from Pooled Funds and Segregated Accounts comprise 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 ASB Community Trust Charitable Purposes Limited (the Company). Committed grants are payable on the satisfaction of any conditions of payment placed on the recipients. As part of the end of year routine the Trustees and the Company Directors review the schedule of grants with outstanding balances at year end and confirm that the outstanding balances represent valid grant claims against either the Trust or the Company and are not, at balance date, subject to write back. 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 the Company 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 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 2014****Fixed Assets**

Fixed Assets with exception of land and buildings are measured at cost, less accumulated depreciation and accumulated impairment losses.

Land (50-52 Ponsonby Road) and buildings (Allendale House and Annexe-2013) are measured at fair value at the date of revaluation less subsequent accumulated depreciation on buildings and subsequent impairment losses. Valuations are performed with sufficient frequency to ensure that the fair value of the revalued asset does not differ materially from its carrying amount.

A revaluation increase is recorded in Other Comprehensive Income and credited to the Asset Revaluation Reserve in the Trust Funds. However, to the extent that it reverses a revaluation decrease in the same class of asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation decrease is recognised in profit or loss, except to the extent that it offsets an existing credit balance on the same class of asset in the Asset Revaluation Reserve.

From 1 April 2008 Allendale House 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. The resulting depreciation would be immaterial.

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

Depreciation and Impairment Losses

Except for Allendale House which is not depreciated, and the 2013 Annexe which is depreciated on a straight line basis, depreciation is provided over the useful life of the assets on the diminishing balance basis.

The rates used are those approved by Trustees as follows:

	Method	2014	2013
2013 Annexe	Straight Line	2%	2%
Office Equipment, Plant and Furniture	Diminishing Balance	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.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014****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. Attributable transaction costs are recognised in profit or loss as incurred. 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 as per valuation methodologies outlined in Note 9 and within *NZ IFRS 7 (PBE) Financial Instruments: Disclosures*. All realised and unrealised gains or losses on investments are recognised in profit or loss in the Statement of Comprehensive Income. The Group derecognises a financial asset when and only when the contractual rights to cash flows from the financial asset expire or are transferred and the transfer qualifies for derecognition.

Investment transactions are recorded by Fund Managers on a trade 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.

Derivative Financial Instruments

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 held for trading instruments. Derivative financial instruments are recognised initially at fair value on the date on which a derivative contract is entered into and transaction 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.

Other Financial Assets

Other financial assets comprise of Sundry Accounts Receivables and the Trust's investment in a Limited Partnership. They are initially recognised at fair value, and subsequently measured at amortised cost using the effective interest rate (EIR) method, 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.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014****Financial Liabilities**

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

Financial liabilities comprise Outstanding Grants Payable, Sundry Accounts Payable, and the Subsidiary Company Current Account. Financial liabilities are initially recognised at fair value less transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate (EIR) method.

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.

Comparative Figures

Where there has been a change of presentation or classification in the current year, the comparative figures have also been changed to the new classification.

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 the following table.

Standard Reference	Standard Title	Effective Date (accounting periods beginning on or after)	Application Date for Group
NZ IFRS 9 (PBE)	Financial Instruments	1 January 2015	1 April 2015

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

NZ IFRS 9 (2009) (PBE) *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) (PBE) *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.

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

Changes to the Financial Reporting Framework: Public Benefit Entities

The Financial Reporting Act 2013 came into force on 1 April 2014. It provides, *inter alia*, for the continuation of the External Reporting Board (XRB). The XRB is required to set the financial reporting requirements for registered charities and other not-for-profit entities that have financial reporting obligations.

The exposure drafts for these reporting standards were issued in late 2013. The standards are expected to be issued in the fourth quarter of 2014 and effective for accounting periods beginning on or after 1 April 2015. They supersede the reporting requirements set out in the New Zealand Equivalents of the International Financial Reporting Standards.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014****2. REVENUE FROM INVESTMENTS**

	Group		Trust	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Distributions and other Investment Income from Pooled Funds	7,720	11,760	7,720	11,760
Net Unrealised Gains from Pooled Funds	47,991	10,773	47,991	10,773
Net Realised Gains from Pooled Funds	11,870	35,544	11,870	35,544
Distributions and other Investment Income from Segregated Accounts	9,248	7,474	9,248	7,474
Net Unrealised (Losses) Gains from Segregated Accounts	(10,149)	3,772	(10,149)	3,772
Net Realised Gains from Segregated Accounts	3,393	694	3,393	694
Net Gains from Forward Exchange Contracts	11,613	11,148	11,613	11,148
	<u>81,686</u>	<u>81,165</u>	<u>81,686</u>	<u>81,165</u>

This Revenue relates to Financial Assets at Fair Value through profit or loss. Except for Forward Exchange contracts, which are classified as held for trading, all other financial assets are designated as fair value through profit or loss upon initial recognition.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014****3. FIXED ASSETS
GROUP AND TRUST**

	Land (Valuation)	Buildings (Valuation)	Work in Progress (Cost)	Office Equipment, Plant and Furniture (Cost)	Total
Cost/ Revaluation					
Opening Balance at 1 April 2012	1,906	155	2,152	457	4,670
Additions	-	-	5,143	100	5,243
Transfers	576	4,595	(7,249)	2,078	-
Disposals and Derecognition	-	(151)	(46)	(16)	(213)
Revaluations	(82)	(299)	-	-	(381)
Closing Balance at 31 March 2013	2,400	4,300	-	2,619	9,319
Opening Balance at 1 April 2013	2,400	4,300	-	2,619	9,319
Additions	-	152	36	58	246
Transfers	-	-	-	-	-
Disposals and Derecognition	-	-	-	(58)	(58)
Revaluations	-	(152)	-	-	(152)
Closing Balance at 31 March 2014	2,400	4,300	36	2,619	9,355
Depreciation					
Opening Balance at 1 April 2012	-	-	-	317	317
Depreciation for year	-	13	-	108	121
Disposals	-	-	-	(16)	(16)
Closing Balance at 31 March 2013	-	13	-	409	422
Opening Balance at 1 April 2013	-	13	-	409	422
Depreciation for year	-	51	-	291	342
Disposals	-	-	-	(57)	(57)
Closing Balance at 31 March 2014	-	64	-	643	707
Carrying amounts					
Balance at 31 March 2013	2,400	4,287	-	2,210	8,897
Balance at 31 March 2014	2,400	4,236	36	1,976	8,648

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

During the 2012/13 financial year the refurbishment of Allendale House and the construction of an adjoining annexe were completed.

On completion of this project the Trust's property at 50-52 Ponsonby Road was revalued by Seagar and Partners (Auckland) Limited, Registered Valuers. The valuation, dated 22 February 2013, was based on the current market value taking account of estimated market rentals and capitalisation rates. The valuation took account of observable prices in an active market. Where estimates were used, they were made on the basis of appropriate valuation techniques. Key assumptions included the Category 1 New Zealand Historic Places Heritage Rating on Allendale House and occupancy and rental rates.

Land and Buildings (Allendale House and the 2013 Annexe) were revalued at \$6.7 million being fair market value at 31 March 2013, as determined by valuation. Accounted for in the 2013/14 financial year Statement of Changes in Trust Funds, is a further deficit on revaluation of \$152,000 (2013: \$381,000). The 2013/14 amount is additional building cost incurred during the financial year. In March 2014 the Trust engaged Seagar and Partners (Auckland) Limited, Registered Valuers to ascertain if there was any indication of impairment requiring a full valuation. Their report stated that there was no material change in valuation during the financial year ie no indication or evidence of impairment.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014****4. INVESTMENTS**

	Group		Trust	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Managed by Fund Managers				
Balance as at 1 April	1,097,018	1,049,310	1,097,018	1,049,310
Movement in market value and investment income	81,686	81,165	81,686	81,165
Net withdrawals	(37,524)	(33,457)	(37,524)	(33,457)
Portfolio total	1,141,180	1,097,018	1,141,180	1,097,018
	Group		Trust	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Investments managed by Fund Managers comprise:				
Pooled Funds:				
Cash Fund	84,782	65,335	84,782	65,335
Forward Exchange Contracts	4,620	3,417	4,620	3,417
Global Bond Fund	47,980	46,623	47,980	46,623
Global Equity Funds	385,117	397,637	385,117	397,637
Emerging Markets Equity Funds	58,832	56,343	58,832	56,343
Hedge Funds	244,790	218,210	244,790	218,210
Collateralised Commodity Futures Fund	30,044	32,163	30,044	32,163
Private Equity NZD Denominated Funds	1,618	1,259	1,618	1,259
Private Equity USD Denominated Funds	15,711	8,610	15,711	8,610
Diversified Inflation Hedging Fund	59,866	59,603	59,866	59,603
Total Pooled Funds	933,360	889,200	933,360	889,200
Global Bonds - Segregated Account	47,495	47,041	47,495	47,041
New Zealand Bonds - Segregated Account	135,857	137,761	135,857	137,761
New Zealand Equities - Segregated Account	23,087	23,597	23,087	23,597
Forward Exchange Contracts	675	7	675	7
Interest Rate Swaps	706	(588)	706	(588)
Total Segregated Funds	207,820	207,818	207,820	207,818
Portfolio total	1,141,180	1,097,018	1,141,180	1,097,018

These are long term investments.

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

	Group		Trust	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Grants Committed and disbursed	17,921	11,461	-	-
Grants Committed but unpaid	16,992	9,639	-	-
Total Grants approved and committed this year to Community Groups	34,913	21,100	-	-

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014****5.2 Outstanding Grants Payable****Outstanding Grants Payable**

Grants Committed in previous years
 Grants Committed but unpaid this year
 Total Grants outstanding as at 31 March

Group		Trust	
2014	2013	2014	2013
\$000	\$000	\$000	\$000
14,352	20,200	743	3,409
16,992	9,639	-	-
<u>31,344</u>	<u>29,839</u>	<u>743</u>	<u>3,409</u>

Reconciliation of Outstanding Grants Payable

Opening Balance at 1 April
 Plus: Grants Committed during year
 Less : Transfer to ASB Community Trust Charitable Purposes Limited Current Account
 : Grants Paid to Community Groups
 : Grants Written Back
 Closing Balance at 31 March

Group		Trust	
2014	2013	2014	2013
\$000	\$000	\$000	\$000
29,839	39,075	3,409	9,594
34,913	21,100	50,000	38,500
-	-	(50,000)	(38,500)
(32,803)	(29,889)	(2,467)	(5,930)
(605)	(447)	(199)	(255)
<u>31,344</u>	<u>29,839</u>	<u>743</u>	<u>3,409</u>

Committed but unpaid Grants are recognised as liabilities on approval by the Board of Trustees or the Company Directors and communicated to the recipients. At balance date Committed but unpaid Grants totalled \$31.3 million (2013: \$29.8 million) for the Group and \$0.7 million (2013: \$3.4 million) for the Trust. The timing for the payment of these Grants is uncertain. As part of the end of year routine the Trustees and the Company Directors review the schedule of grants with outstanding balances at year end and confirm that the outstanding balances represent valid grant claims against the Trust or the Company and are not, at balance date, subject to write back.

Committed but unpaid grants at 31 March 2014 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	1	\$20	1	\$20
2008	-	-	-	-
2009	-	-	-	-
2010	5	\$718	-	-
2011	5	\$2,116	2	\$116
2012	21	\$8,815	7	\$607
2013	21	\$2,683	-	-
2014	147	\$16,992	-	-
Total	200	\$31,344	10	\$743

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

Committed but unpaid grants at 31 March 2013 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	2	\$199	2	\$199
2008	-	-	-	-
2009	-	-	-	-
2010	6	\$2,780	-	-
2011	23	\$4,039	17	\$1,331
2012	55	\$13,182	19	\$1,879
2013	152	\$9,639	-	-
Total	238	\$29,839	38	\$3,409

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 that a revalued asset differs materially from its carrying amount 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. A formal revaluation took place during the year ended 31 March 2013. As a result of this revaluation and further building costs in the 2013/14 financial year, the Asset Revaluation Reserve decreased to \$359,000 (2013: \$511,000). The movement in the Asset Revaluation Reserve is the difference between the market valuation of the Trust's property and the pre-revaluation carrying value of the 2013 Annexe and the Allendale House.

6.3 Reserves 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. The balance of this reserve for the Group at year end was \$72.80 million. (2013: \$58.7 million)

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 Funds and maintain the capital base of the Group and Trust.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014****7. ADMINISTRATION EXPENSES**

	Group		Trust	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Audit fees	71	71	71	71
Depreciation	342	121	342	121
Derecognition costs (Building)	-	197	-	197
Impairment	181	-	181	-
Loss on disposal of fixed assets	1	-	1	-
Legal fees	72	54	72	54
Occupancy costs-Rent and Opex	-	192	-	192
Occupancy costs-Other	143	649	143	649
Other operating costs	1,592	1,109	727	745
Public and statutory reporting	116	145	116	145
Staff expenses	2,743	2,440	2,743	2,440
Staff Superannuation - Defined contribution plans	44	43	44	43
Trustees' fees	285	277	285	277
Trustees' expenses	148	182	148	182
Tax advice (paid to KPMG - Auditors)	22	2	22	2
	5,760	5,482	4,895	5,118

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
Centre For Social Impact New Zealand Limited	100%	31 March	The education of community organisations at both governance and management levels.

These subsidiaries were incorporated on 29 March 2001, except for Centre for Social Impact New Zealand Limited which was incorporated on 30 September 2013. Centre for Social Impact New Zealand Limited will commence operations in the 2014/15 financial year. ASB Trusts Amateur Public Sports Promotion Limited has not operated since incorporation.

ASB Community Trust Charitable Purposes Limited ("the Company") is a registered charity under the Charities Act 2005. Its registration number is CC38999. Grants totalling \$50.0 million were made by the Trust to the Company during the 2013/14 financial year (2013: \$38.5 million). The Trust charged the Company \$0.6 million (2013: Nil) for administration and overhead costs. At balance date the Current Account between the Trust and the Company totalled \$103.4 million (2013: \$85.2 million). The Company's constitution prohibits distributions to the Trust.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

The Group has a 44% interest in Te Kete Putea Limited Partnership. The Partnership is contracted to provide support services to the Trust and other entities for database management services. The Group is not required to make any further capital contributions to the Limited Partnership. Transactions and any outstanding balances with the Limited Partnership are at arm's length and immaterial to the Group's activities and financial statements. The investment in the Limited Partnership is included in the Other Assets in the Statement of Financial Position.

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. During the year Trustees received honoraria as follows:

Group and Trust	2014	2013
	\$	\$
E Auva'a	18,700	18,700
A Bell	18,558	17,000
M Brickell	18,700	18,700
M Broadbelt	18,700	10,908
P Clark	17,000	8,500
V Garg	14,167	-
A Hartley	-	7,083
P Kearns	1,558	18,700
K Kohere-Soutar	-	7,083
B Leveloff	18,700	18,700
L Lim	21,250	21,250
B Lythe	-	7,083
I McDougall	17,000	17,000
T Millar	17,000	17,000
M Milne	18,700	18,700
B Plunkett	17,000	17,000
J Slater	17,000	9,917
K Whitney	34,000	34,000
K Wright	17,000	9,917
	\$ 285,033	\$ 277,241

At balance date \$4,250 was due to a Trustee for Honorarium and expenses pending the receipt of certain documentation. This outstanding amount was settled shortly after balance date. No other monies were owing to or due from Trustees at 31 March 2014 (31 March 2013: Nil).

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014****9. FINANCIAL ASSETS AND LIABILITIES**

The Trust has the following financial assets and liabilities:

Financial Assets

	Group		Trust	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Cash at Bank	1,911	2,794	1,911	2,794
Investments	1,141,180	1,097,018	1,141,180	1,097,018
Other Assets	892	1,113	892	1,113

Fair Value Hierarchy

The following table analyses Financial Assets carried at Fair Value by valuation method as defined by NZ IFRS 7 (PBE) *Financial Instruments: Disclosures*. The Group's Custodian (JP Morgan Chase Bank NA) measures the fair value of an instrument using quoted prices in an active market, when available. (Level 1)

If a market for a financial instrument is not active, then the Group's Custodian establishes fair value using a valuation technique. Valuation techniques include using recent arms length transactions between knowledgeable, willing parties (if they are available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the fund, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of risk-return factors inherent in the financial instrument. The Group's Custodian calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data. (Level 2)

Valuation techniques however, can use market data or inputs which are largely unobservable and have a more than insignificant impact on either the fair value of the instrument or the profit or loss of the instrument. The Private Equity Fund investment valuations are provided by the Fund Manager with reference to the net assets of the fund. Depending on the timing of the valuations, net asset values are adjusted for any capital calls or distributions made between the valuation date and reporting date. (Level 3)

The different hierarchy levels have been summarised as follows:

- Level 1: quoted prices (unadjusted) which are regularly available to market participants in active markets for identical assets and prices represent actual and regularly occurring market transactions on an arm's length basis
- 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)

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

Cash Fund, Diversified Inflation Hedging Funds, Global Bond Funds, certain Global Equity, Emerging Markets Equity and Hedge Funds and New Zealand Equities 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, Forward Exchange Contracts, certain Emerging Markets Equity, Global Equity and Hedge Funds, Global Bonds, New Zealand Bonds and Interest Rate Swaps 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).

Investments managed by Fund Managers comprise:

	Group		Trust	
	2014	2013	2014	2013
	\$000	\$000	\$000	\$000
Level 1				
Cash Fund	84,782	65,335	84,782	65,335
Global Bond Fund	47,980	46,623	47,980	46,623
Global Equity Funds	271,601	279,669	271,601	279,669
Emerging Markets Equity Fund	29,631	25,793	29,631	25,793
Diversified Inflation Hedging Fund	59,866	59,603	59,866	59,603
New Zealand Equities	23,087	23,597	23,087	23,597
Hedge Fund	32,160	-	32,160	-
Total Level 1	549,107	500,620	549,107	500,620
Level 2				
Forward Exchange Contracts	5,295	3,424	5,295	3,424
Collateralised Commodities Futures Fund	30,044	32,163	30,044	32,163
Hedge Funds	212,630	218,210	212,630	218,210
Global Bonds	47,495	47,041	47,495	47,041
Global Equity Funds	113,516	117,968	113,516	117,968
Emerging Markets Equity Fund	29,201	30,550	29,201	30,550
New Zealand Bonds	135,857	137,761	135,857	137,761
Interest Rate Swaps	706	(588)	706	(588)
Total Level 2	574,744	586,529	574,744	586,529
Level 3				
Private Equity NZD Denominated Funds	1,618	1,259	1,618	1,259
Private Equity USD Denominated Funds	15,711	8,610	15,711	8,610
Total Level 3	17,329	9,869	17,329	9,869
Portfolio total	1,141,180	1,097,018	1,141,180	1,097,018

Movements in Level 2 Financial Assets

There were no significant movements between Level 1 and Level 2 Financial Assets.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014****Movements in Level 3 Financial Assets****Movements in Level 3 Financial Assets**

	Group		Trust	
	2014 \$000	2013 \$000	2014 \$000	2013 \$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 (2014: US\$43m @.8591; 2013: US\$23m @.8380)	50,052	27,446	50,052	27,446
Total Commitment	<u>55,052</u>	<u>32,446</u>	<u>55,052</u>	<u>32,446</u>
Opening Balance	9,869	6,298	9,869	6,298
Drawdowns	8,788	4,412	8,788	4,412
Return of Capital	(1,608)	(1,254)	(1,608)	(1,254)
Changes in Fair Value reported through Profit or Loss in the Statement of Comprehensive Income	280	413	280	413
Closing Balance at 31 March	<u>17,329</u>	<u>9,869</u>	<u>17,329</u>	<u>9,869</u>

Financial Liabilities

	Group		Trust	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Sundry Accounts Payable	1,074	2,245	1,063	2,213
Outstanding Grants Payable	31,344	29,839	743	3,409
Subsidiary Company Current Account	-	-	103,416	85,201
Total Financial Liabilities	<u>32,418</u>	<u>32,084</u>	<u>105,222</u>	<u>90,823</u>

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).

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

The investment objectives set out in the SIPO can be summarised as:

- maintaining the real value of capital of the Trust in perpetuity.
- ensuring a stable level of spending over time.
- maintaining 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 Group 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 reviewed during the 2013/14 financial year. The Trust has engaged Cambridge Associates Limited as its Investment Adviser. The pricing of financial assets is undertaken by the Group'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.

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.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014****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
- the use of a multi-fund manager approach to investments in its portfolio, and
- compliance with the individual mandate requirements of each investment.

The Group'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.

Credit Risk Ratings of Investments**Group and Trust****31 March 2014**

					\$000
	AAA to AA-	A+ to A-	BBB+ to B	CCC, NR Other	
New Zealand Bonds	90.7%	8.3%	1.0%	0.0%	135,857
Global Bonds	49.3%	20.4%	25.8%	4.5%	95,475
Cash	78.3%	20.1%	1.7%	0.0%	84,782

Group and Trust**31 March 2013**

					\$000
New Zealand Bonds	92.5%	5.4%	2.2%	0.0%	137,761
Global Bonds	67.6%	14.1%	14.3%	4.0%	93,664
Cash	71.8%	27.6%	0.6%	0.0%	65,335

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014****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.

The Group's Investment Portfolio mainly consists 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, and Outstanding Grants Payable. 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. The Trust has a Current Account with its subsidiary company which records regular transactions.

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 exposure to the risk of change in market interest rates relates primarily to the Group's investment in bonds. The Group's investments in global bonds are held in a pooled fund and a segregated account. NZ Bonds are held in a segregated account. As such movements in interest rates will be reflected in the fair value asset pricing of each pooled fund or each underlying bond within the 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.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

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.

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

	Group		Trust	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Financial assets with currency exposure	889,835	866,227	889,835	866,227
Hedged currency exposure as at 31 March	(553,288)	(519,217)	(553,288)	(519,217)
Unhedged currency exposure at 31 March	<u>336,547</u>	<u>347,010</u>	<u>336,547</u>	<u>347,010</u>
North America	213,645	211,790	213,645	211,790
Europe	52,743	60,875	52,743	60,875
Oceania	37,107	35,322	37,107	35,322
Asia	33,052	39,023	33,052	39,023
Unhedged currency exposure at 31 March	<u>336,547</u>	<u>347,010</u>	<u>336,547</u>	<u>347,010</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 Group's Custodian. Investments held in pooled funds are valued at either the lower of net asset value (NAV) or redemption price. Investments held in segregated accounts are valued at closing market prices. The effect on the Group's Statement of Comprehensive Income and Statement of Financial Position at 31 March 2014, 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	-6.2% to +27.0%	-29,908 to +130,243
Diversified Assets	-0.3% to +16.1%	-713 to +38,280
Inflation Proofing Assets	-4.3% to +20.7%	-4,227 to +20,349
Deflation Proofing Assets	+0.7% to +10.1%	+2,272 to +32,788
Total Portfolio	-0.7% to +17.3%	-8,002 to +197,754

There is a 68% probability that the return in any one year will be within the range of -0.7% to +17.3%.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

The effect on the Group's Statement of Comprehensive Income and Statement of Financial Position as at 31 March 2013, 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	-5.6% to +26.4%	-27,222 to +128,334
Diversified Assets	-0.9% to +17.3%	-1,861 to +35,770
Inflation Proofing Assets	-3.8% to +20.4%	-3,970 to +21,314
Deflation Proofing Assets	+0.4% to +10.8%	+1,210 to +32,664
Total Portfolio	-1.0% to +18.0%	-10,998 to +197,964

There is a 68% probability that the return in any one year will be within the range of -1.0% to +18.0%.

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.

Forward Exchange Contracts

Hedging of the Trust's pooled accounts and one segregated account is undertaken by J P Morgan Chase Bank NA. In addition another segregated account also holds forward exchange contracts with Westpac NZ Limited and Commonwealth Bank of Australia Limited. In addition the Trust has forward exchange contracts in place with ASB Bank Limited. At 31 March 2014 J P Morgan Chase Bank NA. had a long term S&P credit rating of A+ (2013: A+), Westpac NZ Limited, Commonwealth Bank of Australia Limited and ASB Bank Limited had long term S&P credit ratings of AA- (2013:AA-).

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

Interest Rate Swaps

Interest Rate Swaps are held in a segregated account. Interest rate swaps are used to manage interest rate risk. These swaps do not qualify for hedge accounting and are accounted for as trading instruments. The exposure to movement in the fair value of the Group's interest rate swaps in the segregated accounts is discussed in the note on Pricing Risk.

Interest Rate Swap Contractual Maturities

At 31 March 2014 the Trust's Interest Rate Swaps were in an asset position with a carrying value of \$706,000.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

At 31 March 2013 the Trust's Interest Rate Swaps were in a liability position and the contractual maturities of these swaps are presented in the table below.

2013

Carrying Value \$000	1 month \$000	Greater than 1 month less than 1 Year \$000	1-2 Years \$000	2-5 Years \$000	Over 5 Years \$000	Total \$000
(588)	(28)	(299)	(281)	(211)	270	(549)

10. RECONCILIATION OF REPORTED SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group		Trust	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Reported surplus	42,627	56,360	28,562	39,122
Add: Non-cash Items				
Depreciation and Impairment	523	121	523	121
Loss on derecognition and disposal of fixed assets	1	197	1	197
Movements in working capital items:				
Increase / (Decrease) in Sundry Accounts Payable	99	(209)	120	(210)
Decrease in Other Assets	41	11	41	11
Increase / (Decrease) in Outstanding Grants Payable	1,505	(9,236)	(2,666)	(6,185)
Increase in Subsidiary Company Current Account	-	-	18,215	14,188
Net Cash Inflows from Fund Managers	37,524	33,457	37,524	33,457
	39,169	24,023	53,234	41,261
Investment income reinvested	(81,686)	(81,165)	(81,686)	(81,165)
Net Cash Inflow / (Outflow) from operating activities	634	(464)	634	(464)

11. OPERATING LEASE COMMITMENTS

There were no lease commitments at 31 March 2014 (2013: Nil).

12. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Other than committed grants for the Group totalling \$31.3 million (2013: \$29.8 million) the Group has no other material capital commitments.

At the 2013/14 financial year end the Group has committed a total of \$5 million to a New Zealand based infrastructure fund. Of this sum a net \$1.6 million has been drawn down to date (2013: \$1.1 million). The Group has a contingent liability for the remaining \$3.4 million (2013: \$3.9 million).

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014**

At the 2013/14 financial year end the Group has committed a total of US\$43.0 million (\$NZ50.1 million) to private equity/venture capital funds (2013: \$US23.0 million (\$NZ27.4 million)). A net cumulative amount of \$US12.2 million (\$NZ14.6 million) has been drawn down at balance date (2013: \$US6.7 million (\$NZ7.9 million)). The Group has a contingent liability for the remaining \$US30.8 million (\$NZ35.9 million) (2013: \$US16.3 million (\$NZ19.5 million)).

Calls on the Group's commitments will be made by Fund Managers as further investments are made.

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 Trustees' interest to be included in the next financial statements of the Trust.

At their meeting on 9 December 2013 the Trustees resolved to effect Trustee Liability Insurance for the sum of \$10 million at a premium cost of \$19,710 (2013: \$19,710). The structure of this Trustee Liability programme was reviewed and restructured by the Board at its meeting on 31 March 2014, at an additional premium cost of \$2,500.

After due consideration of a report from the Trust's insurance brokers and other relevant information, all of the Trustees approved the purchase of the Trustee Liability Insurance by signing resolutions to that effect, along with certificates certifying that the transactions were in the best interests of the Trust.

14. MATERIAL EVENTS AFTER BALANCE DATE

There were no material events after balance date which required adjustment to the Financial Statements for the year ended 31 March 2014.



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 31. The financial statements comprise the statements of financial position as at 31 March 2014, 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 the 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's 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's 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 provided taxation services to the Trust and Group. In addition to these services during the year ended 31 March 2014, the Trust and our firm entered into a memorandum of understanding (“the Agreement”). Under this Agreement, the firm may provide professional advice, pro bono, to selected beneficiaries as identified by the Trust should these beneficiaries align with the objectives of the firm’s national communities programme. This Agreement does not represent a business relationship between the firm and the Trust, nor does it create any obligation upon either party, however, it may result in our firm providing service, pro bono, to a grantee of the Trust. Subject to certain restrictions, 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 business of the Trust and Group. These matters have not impaired our independence as auditor 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 31:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the Trust and the Group as at 31 March 2014 and of the financial performance and cash flows of the Trust and the Group for the year then ended.

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 as far as appears from our examination of those records.

KPMG

1 July 2014
Auckland