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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 2011**

	NOTE	Group		Trust	
		2011 \$000	2010 \$000	2011 \$000	2010 \$000
Revenue from Investments	2	105,648	236,248	105,648	236,248
Less:					
Fund Management, Custodian and Advisory Fees		(1,035)	(1,343)	(1,035)	(1,343)
Investment Margin		104,613	234,905	104,613	234,905
Other Income		2,599	2,353	2,599	2,353
Administration Expenses	7	(4,982)	(3,544)	(4,673)	(3,501)
Grants committed during the year to community groups	5.1	(40,855)	(16,304)	(27,288)	-
Grants committed during the year to ASB Community Trust Charitable Purposes Limited for the Maori and Pacific Education Initiative	5.1	-	-	-	(7,910)
Grants committed during the year to ASB Community Trust Charitable Purposes Limited for granting to community groups in current and future years	5.1	-	-	-	(60,690)
Grants written back during the year		70	3,860	26	3,843
Grant refunds received during the year		10	-	5	-
SURPLUS FOR THE YEAR		61,455	221,270	75,282	169,000
Other Comprehensive Income		-	-	-	-
Total Comprehensive Income for the year		61,455	221,270	75,282	169,000

The notes are an integral part of these financial statements.

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

Opening Balance 1 April

Total Comprehensive Income:
Surplus for the year

Total Comprehensive Income for the year

Transfer to Capital Maintenance
Transfer from Reserve for Grants

Closing Balance 31 March

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
579,106	254,742	833,848	52,270	892	123,795	1,010,805
-	-	-	-	-	61,455	61,455
-	-	-	-	-	61,455	61,455
-	37,523	37,523	-	-	(37,523)	-
-	-	-	(11,260)	-	11,260	-
579,106	292,265	871,371	41,010	892	158,987	1,072,260

The notes are an integral part of these financial statements.

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

Opening Balance 1 April

Total Comprehensive Income:

Surplus for the year

Total Comprehensive Income for the year

Transfer to Capital Maintenance

Transfer to Reserve for Grants

Closing Balance 31 March

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
579,106	254,742	833,848	-	892	123,795	958,535
-	-	-	-	-	75,282	75,282
-	-	-	-	-	75,282	75,282
-	37,523	37,523	2,567	-	(37,523)	-
-	-	-	-	-	(2,567)	-
579,106	292,265	871,371	2,567	892	158,987	1,033,817

The notes are an integral part of these financial statements.

**STATEMENT OF CHANGES IN GROUP FUNDS
FOR THE YEAR ENDED 31 MARCH 2010**

Opening Balance 1 April

Total Comprehensive Income:

Surplus for the year

Total Comprehensive Income for the year

Transfer to Capital Maintenance

Transfer to Reserve for Grants

Closing Balance 31 March

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
579,106	238,392	817,498	-	892	(28,855)	789,535
-	-	-	-	-	221,270	221,270
-	-	-	-	-	221,270	221,270
-	16,350	16,350	-	-	(16,350)	-
-	-	-	52,270	-	(52,270)	-
579,106	254,742	833,848	52,270	892	123,795	1,010,805

The notes are an integral part of these financial statements.

**STATEMENT OF CHANGES IN TRUST FUNDS
FOR THE YEAR ENDED 31 MARCH 2010**

Opening Balance 1 April
Total Comprehensive Income:
Surplus for the year
Total Comprehensive Income for the year
Transfer to Capital Maintenance
Transfer to Reserve for Grants
Closing Balance 31 March

Original Capital	Capital Maintenance Reserve	Trust Real Capital	Reserve for Grants	Asset Revaluation Reserve	Retained Surplus	Total Trust Funds
579,106	238,392	817,498	-	892	(28,855)	789,535
-	-	-	-	-	169,000	169,000
-	-	-	-	-	169,000	169,000
-	16,350	16,350	-	-	(16,350)	-
-	-	-	-	-	-	-
579,106	254,742	833,848	-	892	123,795	958,535

The notes are an integral part of these financial statements.

ASB COMMUNITY TRUST

STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2011

STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2011

	NOTE	Group 2011 \$000	2010 \$000	Trust 2011 \$000	2010 \$000
ASSETS					
Cash at Bank		7,062	7,459	7,062	7,459
Sundry Accounts Receivable		2,222	1,557	2,222	1,557
Investments	4	1,105,133	1,042,368	1,105,133	1,042,368
Fixed Assets	3	3,337	2,877	3,337	2,877
TOTAL ASSETS		1,117,754	1,054,261	1,117,754	1,054,261
LIABILITIES					
Sundry Accounts Payable		907	829	907	829
Loans from Community Trusts		1,193	529	1,193	529
Outstanding Grants Payable	5.2	43,394	42,098	21,475	20,923
Subsidiary Company Current Account		-	-	60,362	73,445
TOTAL LIABILITIES		45,494	43,456	83,937	95,726
NET ASSETS AT 31 MARCH		1,072,260	1,010,805	1,033,817	958,535
Represented by:					
FUNDS					
Original Capital	6.1	579,106	579,106	579,106	579,106
Capital Maintenance Reserve	6.1	292,265	254,742	292,265	254,742
Reserve for Grants	6.3	41,010	52,270	2,567	-
Asset Revaluation Reserve	6.2	892	892	892	892
Retained Surplus	6.4	158,987	123,795	158,987	123,795
FUNDS AT 31 MARCH		1,072,260	1,010,805	1,033,817	958,535

Approved on behalf of the Board:


Chair

Date 30 May 2011


Audit, Finance and Risk Committee Chair

Date 30 May 2011

The notes are an integral part of these financial statements.

ASB COMMUNITY TRUST

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2011

		Group		Trust	
	NOTE	2011 \$000	2010 \$000	2011 \$000	2010 \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from:					
Receipts from fund managers		405,493	140,920	405,493	140,920
Interest received		178	342	178	342
Revenue received from other activities		1,350	1,267	1,350	1,267
Revenue received from donations		416	5	416	5
Cash was disbursed on:					
Payments to fund managers		(362,610)	(123,946)	(362,610)	(123,946)
Payment to suppliers, trustees and staff		(4,735)	(3,547)	(4,735)	(3,547)
Fund management and advisory fees		(1,115)	(1,452)	(1,115)	(1,452)
Grants to community organisations		(39,489)	(35,775)	(26,710)	(28,562)
Grants paid to community organisations on behalf of subsidiary		-	-	(12,779)	(7,213)
		<u>(407,949)</u>	<u>(164,720)</u>	<u>(407,949)</u>	<u>(164,720)</u>
Net cash outflow from operating activities	10	<u>(512)</u>	<u>(22,186)</u>	<u>(512)</u>	<u>(22,186)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from:					
Proceeds of sale of fixed assets	3	-	1	-	1
Loans from Community Trusts		664	529	664	529
Cash was disbursed on:					
Purchase of fixed assets	3	<u>(549)</u>	<u>(30)</u>	<u>(549)</u>	<u>(30)</u>
Net cash inflow from investing activities		<u>115</u>	<u>500</u>	<u>115</u>	<u>500</u>
Net cash inflow (outflow) from activities		<u>(397)</u>	<u>(21,686)</u>	<u>(397)</u>	<u>(21,686)</u>
Add: Cash at Bank at 1 April		7,459	29,145	7,459	29,145
Cash at Bank at 31 March		<u>7,062</u>	<u>7,459</u>	<u>7,062</u>	<u>7,459</u>

Cash Transactions with fund managers were in prior years disclosed in the Statements of Cash Flows as cash flows arising from investing activities. As transactions with fund managers provide cash to support the Group's granting activities these transactions are more appropriately disclosed as cash flows arising from operating activities. Prior year comparative figures have been reclassified to align with current year classifications. Comparative figures in Note 10: Reconciliation of Reported Surplus to Net Cash Flow from Operating Activities have been amended to reflect this change in presentation.

The notes are an integral part of these financial statements.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011****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 2011 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 Principles (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 at five yearly intervals.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011****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 form the basis of 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.

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 are 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.

Income 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, and unrealised gains and losses. 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 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.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011**

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.

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 five yearly. The gain on revaluation is recognised as a revaluation reserve in Other Comprehensive Income in the Statements of Comprehensive Income.

In accordance with the provisions of New Zealand Institute of Chartered Accountants "Not for Profit Accounting Guide" buildings with a New Zealand Historic Places Trust classification are not depreciated as they are likely to increase in value. As 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:

	2011	2010
Land and Buildings	Nil	Nil
Office Equipment and Furniture	9.5% - 60.0%	9.5% - 60%

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. After 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.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011**

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 that reflect the significance of the inputs used in making measurements.

All realised and unrealised gains or losses on investments are recognised in the Statements of Comprehensive Income.

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 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 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 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, 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.

Financial Liabilities

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

Financial liabilities comprising 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 2011****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.

Operating Leases

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

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011****2. REVENUE FROM INVESTMENTS**

	Group		Trust	
	2011	2010	2011	2010
Net unrealised gains and distributions from Pooled Funds	126,009	129,947	126,009	129,947
Net realised (losses) from Pooled Funds	(86,198)	(32,305)	(86,198)	(32,305)
Dividends	-	3,799	-	3,799
Interest	5,226	8,037	5,226	8,037
Net Realised Gains (Losses) from Segregated Accounts	1,469	(2,993)	1,469	(2,993)
Net Unrealised Gains from Segregated Accounts	230	25,309	230	25,309
Net Realised Foreign Exchange Gains	55,890	102,403	55,890	102,403
Net Unrealised Foreign Exchange Gains	3,022	2,051	3,022	2,051
	<u>105,648</u>	<u>236,248</u>	<u>105,648</u>	<u>236,248</u>

This Revenue relates to Financial Assets at Fair Value through profit or loss.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011****3. FIXED ASSETS****GROUP AND TRUST**

	Land and Buildings	Office Equipment and Furniture	Total
	\$000	\$000	\$000
Cost			
Opening Balance at 1 April 2009	2,650	1,022	3,672
Additions	-	30	30
Revaluation	-	-	-
Disposals	-	(42)	(42)
Closing Balance at 31 March 2010	<u>2,650</u>	<u>1,010</u>	<u>3,660</u>
Opening Balance at 1 April 2010	2,650	1,010	3,660
Additions	-	27	27
Work in Progress	522	-	522
Disposals	-	(501)	(501)
Closing Balance at 31 March 2011	<u>3,172</u>	<u>536</u>	<u>3,708</u>
Depreciation and Impairment Losses			
Opening Balance at 1 April 2009	-	757	757
Depreciation for year	-	67	67
Impairment Losses	-	-	-
Disposals	-	(41)	(41)
Closing Balance at 31 March 2010	<u>-</u>	<u>783</u>	<u>783</u>
Opening Balance at 1 April 2010	-	783	783
Depreciation for year	-	50	50
Impairment Losses	-	-	-
Disposals	-	(462)	(462)
Closing Balance at 31 March 2011	<u>-</u>	<u>371</u>	<u>371</u>
Carrying amounts			
Balance at 31 March 2010	2,650	227	2,877
Balance at 31 March 2011	3,172	165	3,337

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011**

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 remedial and associated works included the replacement of air conditioning systems and roof, earthquake strengthening, and the implementation of a fire retardant sprinkler system.

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

4. INVESTMENTS

	Group		Trust	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Managed by Fund Managers				
Balance as at 1 April	1,042,368	823,094	1,042,368	823,094
Movement in market value and investment income	105,648	236,248	105,648	236,248
Net (withdrawals)	(42,883)	(16,974)	(42,883)	(16,974)
	<u>1,105,133</u>	<u>1,042,368</u>	<u>1,105,133</u>	<u>1,042,368</u>
	Group		Trust	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Investments managed by Fund Managers comprise				
Cash	44,064	45,615	44,064	45,615
Foreign Exchange Contracts	8,054	5,977	8,054	5,977
Global Bond Funds	221,124	313,077	221,124	313,077
Global Equity Funds	426,725	397,958	426,725	397,958
Collateralised Commodity Futures Fund	63,490	52,152	63,490	52,152
Global Property Fund	20,424	18,056	20,424	18,056
Emerging Markets Equity Funds	56,795	-	56,795	-
Hedge Funds	166,405	-	166,405	-
New Zealand Equities	-	106,858	-	106,858
New Zealand Bonds	96,793	102,675	96,793	102,675
New Zealand Infrastructure Fund	1,259	-	1,259	-
Portfolio total	<u>1,105,133</u>	<u>1,042,368</u>	<u>1,105,133</u>	<u>1,042,368</u>

These are long term investments.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011****5. GRANTS****5.1 Committed during this year**

	Group		Trust	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Committed and disbursed	13,589	7,213	12,387	68,600
Committed but unpaid	27,266	9,091	14,901	-
Total Grants approved and committed this year	<u>40,855</u>	<u>16,304</u>	<u>27,288</u>	<u>68,600</u>

5.2 Outstanding Grants Payable

Outstanding Grants Payable		Group		Trust	
		2011	2010	2011	2010
		\$000	\$000	\$000	\$000
Committed in previous years		16,128	33,007	6,574	20,923
Committed but unpaid this year		27,266	9,091	14,901	-
Total Grants outstanding as at 31 March 2011		<u>43,394</u>	<u>42,098</u>	<u>21,475</u>	<u>20,923</u>

Reconciliation of Outstanding Grants		Group		Trust	
		2011	2010	2011	2010
		\$000	\$000	\$000	\$000
Opening Balance at 1 April		42,098	65,351	20,923	65,351
Less: Transfer to ASB Community Trust Charitable Purposes Limited Current Account		-	-	-	(80,684)
Plus: Grants committed during year		40,855	16,304	27,288	68,600
Less: Grants paid to community organisations		(39,489)	(35,775)	(26,710)	(28,562)
Grants Written Back		(70)	(3,782)	(26)	(3,782)
Closing Balance at 31 March 2011		<u>43,394</u>	<u>42,098</u>	<u>21,475</u>	<u>20,923</u>

Committed but unpaid grants are recognised as liabilities pending the satisfaction of conditions under which the grant was approved. At balance date Committed but unpaid Grants totalled \$43.4 million (2010: \$42.1 million) for the Group \$21.5 million (2010: \$20.9 million) for the Trust. The timing for the payment of these Grants is uncertain.

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	-	\$0	-	\$0
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

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011**

Committed but unpaid grants at 31 March 2010 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	8	\$7,739	8	\$7,739
2008	7	\$2,943	7	\$2,943
2009	22	\$10,241	22	\$10,241
2010	280	\$21,175	-	-
Total	317	\$42,098	37	\$20,923

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 at five yearly intervals. 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. The next revaluation is not due until the year ending 31 March 2014, and there are no indications for impairment at 31 March 2011 (2010: none).

6.3 Reserve for Grants

The Reserve for Grants forms a 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 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. The Trust has also irrevocably committed funds via its subsidiary company for this purpose. These amounts are therefore transferred from retained surplus to Reserve for Grants.

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.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011****7. ADMINISTRATION EXPENSES**

	Group		Trust	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Audit fees	75	55	75	55
Depreciation	50	67	50	67
Loss on disposal of fixed assets	39	-	39	-
Legal fees	152	54	152	49
Occupancy costs	154	77	154	77
Other operating costs	1,538	639	1,229	601
Public and statutory reporting	180	115	180	115
Staff expenses	2,410	2,128	2,410	2,128
Trustees' fees	237	251	237	251
Trustees' expenses	145	146	145	146
Tax Advice (paid to KPMG - Auditors)	2	12	2	12
	4,982	3,544	4,673	3,501

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 Charitable Purposes Limited (the Company) is a registered charity under the Charities Act 2005. Its registration number is CC38999. During the 2009/10 financial year the Trust distributed grants to its subsidiary company of \$7.9 million to be committed to grants awarded to organisations in terms of the Trust's Maori and Pacific Education Initiative. During the 2009/10 financial year the Trust also committed grants to its subsidiary company of \$60.7 million for granting to community groups in the 2009/10 and future financial years. No grants were made by the Trust to the subsidiary company during the 2010/11 financial year. At balance date the Current Account between the Trust and ASB Community Trust Charitable Purposes Limited totalled \$60.4 million (2010: \$73.4 million). The Company's constitution prohibits distributions to the Trust.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011**

The Trustees are the key management personnel of the Trust as defined by NZ IAS 24: Related Party Disclosures. 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.

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

Group and Trust	2011	2010
	\$	\$
E Auva'a	7,178	-
M Brickell	11,555	-
C Craven	3,544	19,834
M Foy	-	11,285
A Green	15,896	15,546
P Greenbank	12,732	17,542
A Hartley	29,390	23,911
W Jensen	-	14,615
P Keams	14,629	6,548
J Kirk	14,846	16,491
K Kohere-Soutar	14,694	18,889
Yoon Boo Lee	-	5,498
B Leveloff	15,266	4,027
L Lyn	13,305	-
B Lythe	21,747	20,634
I McDougall	11,870	-
M Milne	7,747	-
S Pamaka	2,416	12,781
W Petera	1,366	8,791
K Prime	-	15,250
P Rowe	3,183	14,944
K Whitney	17,845	6,898
L Wilson	18,114	17,732
	\$ 237,323	\$ 251,216

There are no monies owing to or due from Trustees at 31 March 2011 (31 March 2010: Nil).

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011****9. FINANCIAL ASSETS AND LIABILITIES**

The Trust has the following financial assets and liabilities:

Financial Assets

	Group		Trust	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Cash at Bank	7,062	7,459	7,062	7,459
Sundry Accounts Receivable	2,222	1,557	2,222	1,557
Managed Funds consisting of:				
Global Equity Funds	426,725	397,958	426,725	397,958
Global Bond Funds	221,124	313,077	221,124	313,077
Collateralised Commodities Futures Fund	63,490	52,152	63,490	52,152
Global Property Fund	20,424	18,056	20,424	18,056
Emerging Markets Equity Fund	56,795	-	56,795	-
Hedge Funds	166,405	-	166,405	-
New Zealand Equities	-	106,858	-	106,858
New Zealand Bonds	96,793	102,675	96,793	102,675
New Zealand Infrastructure Fund	1,259	-	1,259	-
Cash	44,064	45,615	44,064	45,615
Forward Exchange Contracts	8,054	5,977	8,054	5,977
	<u>1,105,133</u>	<u>1,042,368</u>	<u>1,105,133</u>	<u>1,042,368</u>

Apart from investments in infrastructure funds, hedge funds and the Collateralised Commodities Futures Fund, these financial assets 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 are valued on the basis of Level 2 (value derived from referenced individual commodity futures).

	Group		Trust	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Collateralised Commodities Futures Fund				
Additions to Level 2	63,490	-	63,490	-
Balance at 31 March	<u>63,490</u>	<u>-</u>	<u>63,490</u>	<u>-</u>

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011**

Investments in infrastructure funds and hedge funds are valued on the basis of Level 3 (valuation provided by the Fund Managers)

	Group		Trust	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Additions to Level 3				
Public Infrastructure Partners Fund Limited Partnership				
Committed Investment	5,000	-	5,000	-
Drawdowns	1,280	-	1,280	-
Changes in Fair Value reported through the				
Statement of Comprehensive Income	(21)	-	(21)	-
Balance at 31 March 2011	1,259	-	1,259	-
Hedge Funds	166,405		166,405	
Balance at 31 March 2011	167,664	-	167,664	-

Financial Liabilities

	Group		Trust	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Sundry Accounts Payable	907	829	907	829
Loans from Community Trusts	1,193	529	1,193	529

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 Trust's 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.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011**

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 supports the United Nations Global Compact and 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 LLC 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.

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.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011**

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.

Credit Risk Ratings of Investments**Group and Trust****This Year****2011****\$000**

	AAA to AA	A+ to A-	BBB+ to B	CCC, NR Other	
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

Group and Trust**Last Year****2010****\$000**

New Zealand Bonds	90.4%	3.6%	6.0%	0.0%	102,675
Global Bonds	61.8%	9.5%	21.4%	7.3%	313,077
Cash	85.7%	8.3%	6.0%	0.0%	45,615

Forward Exchange Contracts:

Hedging is undertaken by J P Morgan Chase Bank NA. At 31 March 2011 J P Morgan had an S & P credit rating of rating AA- (2010: AA-).

Group and Trust Outstanding Contracts	2011	2010
Market value \$000	8,054	5,977

Refer to Currency Risk note for forward exchange contract gross exposure, included in hedged currency exposure.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011****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 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 trade and other payables. At balance date, all trade and other payables were current, and are normally settled on the 20th of the month following invoice date.

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. All investments denominated in foreign currencies are fifty percent hedged back to the New Zealand dollar on a monthly basis for 30 day periods. Liabilities denominated in foreign currencies are fully hedged back to New Zealand dollars at the time that the obligation is entered into. This effectively removes the exposure to currency risk.

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 2011**

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

	Group		Trust	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Foreign currency denominated financial assets	954,963	781,242	954,963	781,242
Hedged currency exposure as at 31 March	(620,505)	(763,351)	(620,505)	(763,351)
Unhedged currency exposure at 31 March	<u>334,458</u>	<u>17,891</u>	<u>334,458</u>	<u>17,891</u>
USA and Canada	252,243	10,463	252,243	10,463
United Kingdom and Europe	61,338	5,508	61,338	5,508
Japan and Far East	20,877	1,920	20,877	1,920
Unhedged currency exposure at 31 March	<u>334,458</u>	<u>17,891</u>	<u>334,458</u>	<u>17,891</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 2011, due to a reasonably possible change in market factors 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%.

The current year sensitivity analysis is not compatible with the prior year as the investment strategy and monitoring thereof have changed during the current financial year.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011**

The effect on the Group's Statement of Comprehensive Income and Statement of Financial Position as at 31 March 2010, due to a possible change in market factors 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
NZ Equities	-9.5% to +28.5%	-10,152 to +30,455
Global Equities	-6.0% to +26.0%	-23,877 to +103,468
NZ Bonds	-1.0% to +13.0%	-1,026 to +13,348
Global Bonds	-1.0% to +13.0%	-3,131 to +40,700
NZ Cash	+2.0% to +6.0%	+912 to +2,737
CCF's	-11.0% to +27.0%	-5,737 to +14,081
Global Property	-5.0% to +23.0%	-903 to +4,153
Total Portfolio	-0.7% to +16.5%	-7,297 to +171,991

There is a 68% probability that the return in any one year will be within the range of -0.7% to 16.5%.

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 2011****10. RECONCILIATION OF REPORTED SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	Group		Trust	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Reported surplus	61,455	221,270	75,282	169,000
Add: Non-cash Items				
Depreciation	50	67	50	67
Loss on disposal of fixed assets	39	-	39	-
Unrealised loss on Foreign Exchange contract	-	19	-	19
Movements in working capital items:				
Increase (decrease) in Accounts Payable	78	(128)	78	(128)
Decrease (increase) in Accounts Receivable	(665)	(887)	(665)	(887)
Increase (decrease) in Outstanding Grants Payable	1,296	(23,253)	552	(44,428)
Increase (decrease) in Subsidiary Current Account	-	-	(13,083)	73,445
Net Cash Inflows from Fund Managers	42,883	16,974	42,883	16,974
	43,592	(7,294)	29,765	44,976
Investment income reinvested	(105,648)	(236,248)	(105,648)	(236,248)
Net cash outflow from operating activities	(512)	(22,186)	(512)	(22,186)

11. OPERATING LEASE COMMITMENTS

The Trust has entered into a lease for premises at 8 College Hill, Auckland. The lease expires on 30 June 2011, with a right of renewal for a further three months. Lease rental commitments (incl Opex) to 30 June 2011 total \$54,000 (2010: nil).

12. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Other than committed grants for the group totalling \$43 million (2010: \$42 million) and capital commitments to the Allendale House Remedial Works \$1.1 million (2010: nil), 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.

During the 2011 financial year the Trust committed \$5 million to a New Zealand based infrastructure fund. Of this sum \$1.28 million had been drawn down. The Trust has a contingent liability for the remaining \$3.72 million. Calls on the Trust's commitment will be made by the Fund Manager as further investments are made.

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011****13. CONFLICTS OF INTEREST**

During the year Trustees and staff were required to declare either a direct or indirect conflict of interest in a matter 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 30 November 2010 the Trustees resolved to effect Trustee Liability Insurance for the sum of \$10 million at a premium cost of \$19,845 (2010: \$17,402).

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

There were no material events after balance date which required adjustment to the Financial Statements for the year ended 31 March 2011 (2010: none).

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	Effect Date (accounting periods beginning on or after)
NZ IFRS 9	Financial Instruments: Classification and Measurement	1 Jan 2013
NZ IAS 24	Related Party Disclosures (revised 2009)	1 Jul 2011
NZ IFRS 7	Improvements to NZ IFRS 7 – Financial Instruments: Disclosures	1 Jan 2011
NZ IAS 1	Presentation of Financial Statements	1 Jan 2011

ASB COMMUNITY TRUST**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011**

NZ IFRS 9 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. A financial asset would be measured at amortised cost if it is held to collect contractual cash flows and interest on specified dates. All other financial assets would be measured at fair value.

NZ IAS 24 Related Party Disclosures simplifies the definition of a related party.

NZ IFRS 7 Financial Instruments: Disclosures requires qualitative disclosures to be made in the context of the quantitative disclosures to better enable users to evaluate the Group's exposures to risks arising from financial instruments.

NZ IAS 1 Presentation of Financial Statements: This amendment requires that changes in each component of equity arising from transactions in the statement of comprehensive income to be separately disclosed either in the statement of changes in equity or in the notes.

The Group does not plan to early adopt any of the above noted Financial Reporting Standards. A formal impact assessment is yet to be performed.



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 29. The financial statements comprise the statement of financial position of the Trust and the consolidated statement of financial position of the Group as at 31 March 2011, the statements of comprehensive income, changes in equity and cash flows of the Trust and the consolidated statements of comprehensive income, changes in equity and cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 of ASB Community Trust and its subsidiaries (“the Trust and Group”) on pages 1 to 29:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial positions of the Trust and the consolidated financial position of the Group as at 31 March 2011 and of the financial performance and cash flows of the Trust and the consolidated financial performance and consolidated cash flows of 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

10 June 2011

Auckland