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TSB
COMMUNITY TRUST

FINANCIAL STATEMENTS

PURSUANT TO SECTION 13 OF THE
COMMUNITY TRUSTS ACT 1999

TSB Community Trust
Financial Statements
For the year ended 31 March 2010

Contents

TSB Community Trust
Trust Directory
For the year ended 31 March 2010

Settlement:	30 May 1988	
Principal Place of Business:	109-113 Powderham Street New Plymouth	
Discretionary Beneficiaries:	As per the Trust Deed	
Trustees:	Colleen Tuuta - Chairperson Kemp Broughton Hayden Wano Ed Parker Alex Ballantyne Steve Corkill Marise James Harry Bayliss Mary Bourke Brent Schumacher	
Bankers:	TSB Bank New Plymouth	
Solicitors:	Billings New Plymouth	Govett Quilliam New Plymouth
Auditors:	KPMG Wellington	
Accountants:	Staples Rodway Taranaki Limited P O Box 146 New Plymouth	

TSB Community Trust
Statement of Comprehensive Income
For the year ended 31 March 2010

	Note	2010 $	2009 $
Revenue			
Interest	2	426,936	509,351
Dividend from TSB Bank Limited		11,150,000	9,200,000
		11,576,936	9,709,351
Expenditure			
Audit fees - statutory audit		10,800	12,550
Other audit fees		7,986	3,938
Depreciation		19,056	15,744
Grants		6,767,262	6,471,859
Loss on disposal		-	3,037
Personnel		202,152	180,959
Trustee honoraria		80,221	85,746
Trustee expenses		17,895	20,366
Other expenses		190,694	205,696
		7,296,066	6,999,895
Net profit for year	8	**4,280,870**	**2,709,456**
Comprehensive income			
Net comprehensive income		-	-
Total Comprehensive Income		**4,280,870**	**2,709,456**

These financial statements are to be read in conjunction with the notes on pages 7 to 20.

TSB Community Trust
Statement of Changes in Equity
For the year ended 31 March 2010

	Share Capital $	Retained Earnings $	Total Equity $
Balance at 1 April 2009	10,000,100	11,290,426	21,290,526
Net profit after tax	-	4,280,870	4,280,870
Other comprehensive income	-	-	-
Total comprehensive income for period	-	4,280,870	4,280,870
Balance at 31 March 2010	**10,000,100**	**15,571,296**	**25,571,396**

Statement of Changes in Equity
For the year ended 31 March 2009

	Share Capital $	Retained Earnings $	Total Equity $
Balance at 1 April 2008	10,000,100	8,580,970	18,581,070
Net profit after tax	-	2,709,456	2,709,456
Other comprehensive income	-	-	-
Total comprehensive income for period	-	2,709,456	2,709,456
Balance at 31 March 2009	**10,000,100**	**11,290,426**	**21,290,526**

These financial statements are to be read in conjunction with the notes on pages 7 to 20.

TSB Community Trust
Statement of Financial Position
As at 31 March 2010

	Note	2010 $	2009 $
Current Assets			
Cash and cash equivalents	3	1,639,590	465,961
Trade and other receivables	4	8,434,724	6,661,285
Investments	5	3,900,000	5,327,195
		13,974,314	12,454,441
Non-Current Assets			
Investments	5	13,000,000	10,000,000
Property, plant and equipment	6	35,048	33,697
		13,035,048	10,033,697
Total Assets		**27,009,362**	**22,488,138**
Current Liabilities			
Trade and other payables		1,437,966	1,197,612
Trust Capital & Retained Earnings			
Trust Capital	7	10,000,100	10,000,100
Retained Earnings	8	15,571,296	11,290,426
		25,571,396	21,290,526
Total Liabilities and Equity		**27,009,362**	**22,488,138**

These financial statements have been issued for and on behalf of the Trustees by:

....Chairperson 29 June 2010

....Trustee 29 June 2010

These financial statements are to be read in conjunction with the notes on pages 7 to 20.

TSB Community Trust
Statement of Cash Flows
For the year ended 31 March 2010

	Note	2010 $	2009 $
Cash Flow from Operating Activities			
Cash was provided from			
Interest income		408,085	450,723
Dividend income		9,400,000	8,910,000
		9,808,085	9,360,723
Cash was applied to:			
Operating expenses		510,073	521,359
Grants paid		6,526,582	5,903,860
RWT paid		4,589	-
		7,041,244	6,425,219
Net Cash Flow from Operating Activities	9	**2,766,841**	**2,935,504**
Cash Flow from Investing Activities			
Cash was provided from:			
Decrease in investment securities		2,100,000	-
Cash was applied to:			
Increase in investment securities		3,672,805	3,262,384
Property, plant and equipment purchased		20,407	24,080
Net Cash Flow from Investing Activities		**(1,593,212)**	**(3,286,464)**
Net increase/(decrease) in cash		1,173,629	(350,960)
Cash and cash equivalents at start of year		465,961	816,921
Cash and cash equivalents at end of year		**1,639,590**	**465,961**

Represented by:		
Petty cash	194	63
TSB Bank cheque account	1,605,176	462,968
TSB Bank reserve interest account	34,220	2,930
	1,639,590	**465,961**

These financial statements are to be read in conjunction with the notes on pages 7 to 20.

TSB Community Trust
Notes to the Financial Statements
For the year ended 31 March 2010

1. Statement of Accounting Policies

Reporting Entity

TSB Community Trust is a public benefit entity domiciled in New Zealand. It was established by trust deed dated 30 May 1988 and adopted a revised deed on 8 February 2001.

The nature of the Trust's operations is investment and application of the Trust funds for charitable purposes.

The financial statements of TSB Community Trust comply with the requirements of the Trust Deed and the Community Trust Act 1999.

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The financial statements were approved by the Trustees on 29 June 2010.

Change in Accounting Policies

The accounting policies have been consistently applied to all periods presented unless otherwise stated.

Standards Issued Not Yet Effective

The following new standards are not yet effective and have not been applied in the preparation of these financial statements. Adoption of these standards will not have any impact on the Trust's reported profit or financial position.

NZ IFRS 9 - Financial Instruments. This standard is effective for annual reporting periods beginning on or after 1 January 2013 but early adoption is permitted. The new standard simplifies the approach for classification and measurement of financial assets compared with the requirements of NZ IAS 39.

NZ IAS 24 -Related Party Disclosures. This standard is effective for annual reporting periods beginning on or after 1 January 2011 but early adoption is permitted. The amended standard simplifies definitions and clarifies meanings.

NZ IAS 32 - Financial Instruments Presentation. This standard is effective for annual reporting periods beginning on or after 1 February 2010. The amended standard provides classification of the issue of rights.

TSB Community Trust
Notes to the Financial Statements
For the year ended 31 March 2010

1. Statement of Accounting Policies continued

Basis of Preparation

The financial statements are prepared on the historical cost basis. The accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transaction or other events is reported.

Presentation Currency and Rounding

The financial statements are presented in New Zealand dollars and are rounded to the nearest whole dollar.

Specific Accounting Policies

The following is a summary of the significant accounting policies adopted by the trust in the preparation of these financial statements.

a) Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Trust and that the revenue can be reliably measured. The principal sources of revenue are interest and dividends.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividends are recognised on an accrual basis when the Trust's right to receive payment has been established.

b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call and other short term highly liquid investments which are subject to insignificant risks of changes in value.

c) Financial Instruments

Investments are recognised on trade date where purchase of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

TSB Community Trust
Notes to the Financial Statements
For the year ended 31 March 2010

1. Statement of Accounting Policies continued

Financial Instruments continued

Subsequent to initial recognition, investments in subsidiaries are measured at cost.

At balance date the Trust had the following categories of financial assets.

i) Held-to-Maturity

Bonds with fixed or determinable payments and fixed maturity dates that the Trust has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Government bonds, fixed rate notes and floating rate bonds are designated as held-to-maturity investments and are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective interest basis.

ii) Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate. Bank deposits of more than 3 months duration are included in this classification.

<u>Effective Interest Method</u>
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount of the financial asset.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

TSB Community Trust
Notes to the Financial Statements
For the year ended 31 March 2010

1. Statement of Accounting Policies continued

ii) Loans and Receivables continued

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available for sale equity investments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of Financial Assets
The Trust derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Trust neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Trust recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Trust retains substantially all the risks and rewards of ownership of a transferred financial asset, the Trust continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(iii) Available for Sale Equity Instruments

In respect of available for sale equity instruments, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

(iv) Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities. There were no financial liabilities at balance date that were designated as fair value through profit and loss.

TSB Community Trust
Notes to the Financial Statements
For the year ended 31 March 2010

1. Statement of Accounting Policies continued

Other Financial Liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense of the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount of the financial liability.

Derecognition of Financial Liabilities
The Trust derecognises financial liabilities when, and only when, the Trust's obligations are discharged, cancelled or they expire.

d) Impairment of Financial Assets

Financial assets, other than those at fair value through profit and loss, are assessed for indicators for impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Trust's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

e) Goods and Services Tax (GST)

The financial statements have been prepared on a GST inclusive basis as the Trust is not registered for GST.

f) Taxation

The Trust is exempt from income tax under section CW52 of the Income Tax Act (2007).

TSB Community Trust
Notes to the Financial Statements
For the year ended 31 March 2010

1. Statement of Accounting Policies continued

g) Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

The cost amount of Property, Plant and Equipment less the estimated residual value is depreciated over their useful lives on a straight line basis. The range of useful lives of the asset classes are:

· Building improvements	4 years
· Furniture and fittings	2-8 years
· Other fixed assets	2-10 years

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate at each balance date.

Assets are reviewed for indications of impairment at least annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Any impairment loss or write-down is recognised in the Income Statement as an expense.

h) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

i) Grants

Grants are approved for payment if the grant application meets the specified criteria. They are recognised as expenditure when the specified criteria for the grant has been met. Grants approved that have not met the specified criteria are recognised as contingent liabilities.

TSB Community Trust
Notes to the Financial Statements
For the year ended 31 March 2010

1. Statement of Accounting Policies continued

j) Critical Accounting Estimates, Assumptions and Judgements

The preparation of financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the relevant accounting policy or in the relevant note.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. 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.

The Trust has exercised judgement in determining the categorisation of financial assets and liabilities and the recognition of grants payable. The categories and measurement of these items are disclosed in paragraph (c) and the carrying values in note 5. The criteria used to determine whether or not a grant is a payable or contingent liability is disclosed in paragraph (i). Grants payable are included within trade and other payables in the statement of financial position. The carrying value of grants payable at 31 March 2010 was $1,382,380 (2009: $1,141,700) and the value of contingent liabilities in relation to grants has been disclosed in note 13.

2. Interest

	2010 $	2009 $
Bank deposits	318,163	324,383
Held to maturity investments	108,773	184,968
	426,936	509,351

3. Cash and Cash Equivalents

	2010 $	2009 $
Petty cash	194	63
TSB Bank cheque account	1,605,176	462,968
TSB Bank reserve interest account	34,220	2,930
	1,639,590	465,961

TSB Community Trust
Notes to the Financial Statements
For the year ended 31 March 2010

	2010 $	2009 $
4. Trade and Other Receivables		
Dividend receivable	8,350,000	6,600,000
Accrued interest	80,137	61,285
RWT receivable	4,587	-
	8,434,724	6,661,285
5. Investments		
Current		
Loans and receivables carried at amortised cost:		
TSB Bank Limited term deposits	3,900,000	3,225,750
Held-to-maturity investments carried at amortised cost:		
NZ Government Bonds	-	2,101,445
	3,900,000	5,327,195
Non Current		
Held-to-maturity investments carried at amortised cost:		
Solid Energy Limited Fixed Rate Notes	1,000,000	-
Mighty River Power Ltd Floating Rate Bonds	2,000,000	-
Investments carried at cost:		
Shares In TSB Bank Limited	10,000,000	10,000,000
	13,000,000	10,000,000

6. Property, Plant & Equipment

2010	Buildings $	Furniture & Fittings $	Other Fixed Assets $	Total $
Cost	2,070	16,969	115,520	134,559
Accumulated depn	(2,070)	(11,345)	(87,447)	(100,862)
Opening net book value	-	5,624	28,073	33,697
Additions	-	-	20,407	20,407
Disposals	-	-	-	-
Depreciation	-	(1,737)	(17,319)	(19,056)
Closing net book value	-	3,887	31,161	35,048
Cost	2,070	16,969	135,927	154,966
Accumulated depn	(2,070)	(13,082)	(104,766)	(119,918)
	-	3,887	31,161	35,048

TSB Community Trust
Notes to the Financial Statements
For the year ended 31 March 2010

6. Property, Plant & Equipment continued

2009	Buildings	Furniture & Fittings	Other Fixed Assets	Total
	$	$	$	$
Cost	2,070	9,913	125,518	137,501
Accumulated depn	(2,070)	(8,198)	(109,478)	(119,746)
Opening net book value		1,715	16,040	17,755
Additions	-	7,056	27,667	34,723
Disposals	-	-	(3,037)	(3,037)
Depreciation	-	(3,147)	(12,597)	(15,744)
Closing net book value	-	5,624	28,073	33,697
Cost	2,070	16,969	115,520	134,559
Accumulated depn	(2,070)	(11,345)	(87,447)	(100,862)
	-	5,624	28,073	33,697

7. Trust Capital

	2010	2009
	$	$
Trust capital	100	100
Equity	10,000,000	10,000,000
	10,000,100	10,000,100

Equity comprises 20,000,000 fully paid shares at 50c each in the TSB Bank Limited.

8. Retained Earnings

Balance at beginning of year	11,290,426	8,580,970
Comprehensive income	4,280,870	2,709,456
Balance at end of year	15,571,296	11,290,426

TSB Community Trust
Notes to the Financial Statements
For the year ended 31 March 2010

9. Reconciliation of Net Surplus with Net Cash Flow from Operating Activities

	2010 $	2009 $
Net Surplus	**4,280,870**	**2,709,456**
Add back		
Depreciation	19,056	15,744
Loss on disposal	-	3,037
	4,299,926	2,728,237
Add/(deduct)		
(inc)/decrease in trade and other receivables	(1,773,439)	(348,628)
inc/(decrease) in trade and other payables	240,354	566,538
Deduct increase in trade and other payables classed as investing activities	-	(10,643)
	2,766,841	2,935,504

10. Related Parties

Subsidiary

During the year the Trust received dividend and interest income from and invested funds with its wholly-owned subsidiary, TSB Bank Limited, as follows:

Dividend income	11,150,000	9,200,000
Interest income	318,163	324,383
The amounts outstanding at balance date were:		
Dividends receivable	8,350,000	6,600,000
Interest receivable	35,831	61,285
Short term deposits	3,900,000	3,225,750

Donations to Related Interests

Donations paid	2,392,850	1,135,050
Donations pledged (donations approved but the distribution is subject to the donees' meeting certain conditions)	142,000	193,000
Amounts outstanding at balance date	125,115	28,480
	2,659,965	1,356,530

The above related interests have been compiled based on a broad definition of related interests that would include not just where trustees are members of the board of a community organisation but also where the trustee is a member of the club/association, may in the past have been associated or has family members who are associated with the community organisation. Such conflicts are disclosed by the Trustees and during consideration of any grants, connected Trustees excuse themselves from such decisions.

TSB Community Trust
Notes to the Financial Statements
For the year ended 31 March 2010

10. Related Parties continued

	2010	2009
	$	$
Key Management Compensation		
Short term employees benefits	202,152	180,959
Short term trustee benefits	80,221	85,746
	282,373	266,705

There were no long term benefits associated with key employees or trustees.

11. Financial Instruments

Exposure to interest rate, credit, and liquidity risks arise in the normal course of the Trust's business.

Market Risk

Interest Rate Risk
Interest rate risk is the risk that the value of the Trust's assets and liabilities will fluctuate due to changes in market interest rates. The Trust is exposed to interest rate risk primarily through its cash balances and investments.

Liquidity and Interest Rate Risk
Liquidity risk is the risk that the Trust will encounter difficulty in raising funds at short notice to meet its financial commitments as they fall due.

The Trust's policy for management of liquidity and interest rate risk is to vary the amount and duration of its investments, taking into consideration the grant cycles and operational needs of the Trust. The Trust manages its risk by monitoring investments on an ongoing basis.

The following tables detail the remaining contractual maturity for the Trust's non derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Trust can be required to pay. The table includes both interest and principal cash flows.

2010	0-6 Months	6-12 Months	1-2 Years	2-5 Years	Over 5 Years	Total
	$	$	$	$	$	$
Financial liabilities						
Payables	(1,437,966)	-	-	-	-	(1,437,966)
Total financial liabilities	(1,437,966)	-	-	-	-	(1,437,966)

TSB Community Trust
Notes to the Financial Statements
For the year ended 31 March 2010

11. Financial Instruments continued

2009	0-6 Months $	6-12 Months $	1-2 Years $	2-5 Years $	Over 5 Years $	Total $
Financial liabilities						
Payables	(1,197,612)	-	-	-	-	1,197,612)
Total financial liabilities	(1,197,612)	-	-	-	-	1,197,612)

Sensitivity Analysis
If interest rates on cash balances and investments moved by +/- 0.5%, the Trust's income from its cash balances and investments could be higher or lower by $50,076. This sensitivity is based on the average cash balances and investments held at month end throughout the year. There has been no change to the method of calculation from previous periods.

Credit Risk
Credit risk is the risk that the counterparty to a transaction with the Trust will fail to discharge its obligations, causing the Trust to incur a financial loss. Financial instruments which potentially subject the Trust to credit risk principally consist of cash and cash equivalents, loans and receivables and investments.

The Trust has a significant concentration of credit risk with the TSB Bank Ltd. The Trust's policy is to keep investments with the TSB Bank Ltd conditional upon the bank's credit rating remaining at a predetermined level. The Trust manages its credit risk by maintaining a reserve fund in order to maintain the level of grants paid in the event that income decreases.

Maximum exposures to credit risk at balance date are the carrying amounts of financial assets in the statement of financial position.

No financial assets are past due or impaired.

Fair Value
The estimated fair values of financial instruments that differ from carrying values are as follows:

	Carrying Amount 2010 $	Fair Value 2010 $	Carrying Amount 2009 $	Fair Value 2009 $
NZ Government Bonds	-	-	2,101,445	2,100,000
Held-to-Maturity Investments	3,000,000	3,024,200	-	-

The fair value of the NZ Government Bonds of $2,100,000 was received at maturity on 15 July 2009.

The carrying values for cash and cash equivalents and loans and receivables approximate their fair values as they are short term in nature.

TSB Community Trust
Notes to the Financial Statements
For the year ended 31 March 2010

12. Capital Management

The Trust's capital consists of equity and retained earnings. The Trust manages its capital by effectively managing income and expenses, assets and liabilities and investments to ensure it achieves its charitable objectives and purpose. As a part of this process the Trust maintains a minimum reserve fund of $2m invested in NZ investment securities. The Trust has no externally imposed requirements.

13. Contingent Liabilities

	2010 $	2009 $
Grants approved but the distribution is subject to the donees' meeting certain conditions	868,500	1,073,700
Multi-year commitments	2,215,000	4,290,000
	3,083,500	5,363,700

14. Capital Commitments

The company has no material capital commitments at balance date (2009: $Nil).

15. Subsequent Events

There were no material events subsequent to balance date.

16. Separate Financial Statements

The Trust has prepared these separate financial statements to provide more relevance to users, as the size and presentation of the consolidated financial statements does not facilitate a meaningful comparison of the Trust's results by those users.

The Trust has 100% ownership of the TSB Bank Limited, a company incorporated in new Zealand. The Trust holds 100% of the voting power.

The investment is accounted for at cost.

The consolidated financial statements of the Trust can be obtained from the Trust Manager, PO Box 667, New Plymouth or by telephoning (06) 769-9471.

TSB Community Trust
Notes to the Financial Statements
For the year ended 31 March 2010

17. Publishing Requirements

A comprehensive list itemising all recipients was published in the Taranaki Daily News on the following dates:

1st quarter	18 May 2009
2nd quarter	2 December 2009
3rd quarter	25 January 2010
4th quarter	14 April 2010

A copy of the list of grants is available to anyone upon request from the Trust's office, PO Box 667, New Plymouth.

A list of all distributions approved or paid for the period year ended 31 March 2010 is available, on request, from the office of the TSB Community Trust, 64-66 Vivian Street, New Plymouth, or via the website www.tsbtrust.org.nz

KPMG

Audit report

To the Trustees of TSB Community Trust

We have audited the financial statements on pages 3 to 20. The financial statements provide information about the past financial performance of the Trust and its financial position as at 31 March 2010. This information is stated in accordance with the accounting policies set out on pages 7 to 13.

Trustees Responsibilities

The Trustees are responsible for the preparation of financial statements which give a true and fair view of the financial position of the Trust as at 31 March 2010 and the results of its operations and cash flows for the year ended on that date.

Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Trustees and report our opinion to you.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Trustees in the preparation of the financial statements;
- whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditors we have no relationship with or interests in the Trust.

KPMG

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion the financial statements on pages 3 to 20:

- comply with New Zealand generally accepted accounting practice;
- give a true and fair view of the financial position of the Trust as at 31 March 2010 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 29 June 2010 and our unqualified opinion is expressed as at that date.

KPMG

Wellington

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