



# New Zealand Gazette

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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 2009**

**Contents**

Trust Directory

Income Statement

Statement of Recognised Income and Expense

Balance Sheet

Statement of Cash Flows

Notes to the Financial Statements

**TSB Community Trust  
Trust Directory  
For the year ended 31 March 2009**

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 Allan Wilson Kemp Broughton Hayden Wano Alison Turner - Retired May 2008 Selwyn Metcalfe Susan Hughes Ed Parker Alex Ballantyne Steve Corkill Marise James - Appointed May 2008	
Bankers:	TSB Bank New Plymouth	
Solicitors:	Billings New Plymouth	Govett Quilliam New Plymouth
Auditors:	Deloitte Hamilton	
Accountants:	Staples Rodway Taranaki Limited P O Box 146 New Plymouth	

**TSB Community Trust**  
**Income Statement**  
**For the year ended 31 March 2009**

	<b>Note</b>	<b>2009</b> \$	<b>2008</b> \$
<b>Revenue</b>			
Interest	<b>2</b>	509,351	237,239
Dividends		<u>9,200,000</u>	<u>8,800,000</u>
		9,709,351	9,037,239
<b>Expenditure</b>			
Audit fees - statutory audit		12,550	11,070
Other audit fees - audit of NZ IFRS transition		3,938	-
Depreciation		15,744	29,375
Grants		6,471,859	6,462,336
Loss on disposal		3,037	476
Personnel		180,959	142,649
Trustee honoraria		85,746	93,964
Trustee expenses		20,366	18,043
Other expenses		<u>205,696</u>	<u>150,688</u>
		6,999,895	6,908,601
<b>Net profit /(loss)</b>		<u><b>2,709,456</b></u>	<u><b>2,128,638</b></u>

**Statement of Recognised Income and Expense**  
**For the year ended 31 March 2009**


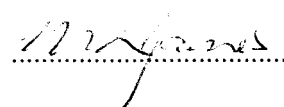
	<b>2009</b> \$	<b>2008</b> \$
Net profit/(loss)	<u>2,709,456</u>	<u>2,128,638</u>
<b>Total recognised income and expenses</b>	<u><b>2,709,456</b></u>	<u><b>2,128,638</b></u>

These financial statements are to be read in conjunction with the notes.

**TSB Community Trust**  
**Balance Sheet**  
**As at 31 March 2009**

	Note	2009 \$	2008 \$
<b>Current Assets</b>			
Cash and cash equivalents	3	465,961	816,921
Trade and other receivables	4	6,661,285	6,312,657
Investments	5	<u>5,327,195</u>	<u>2,064,811</u>
		12,454,441	9,194,389
<b>Non-Current Assets</b>			
Investments	5	10,000,000	10,000,000
Property, plant and equipment	6	<u>33,697</u>	<u>17,755</u>
		10,033,697	10,017,755
<b>Total Assets</b>		<b><u>22,488,138</u></b>	<b><u>19,212,144</u></b>
<b>Current Liabilities</b>			
Trade and other payables		1,197,611	631,073
<b>Trust Capital &amp; Retained Earnings</b>			
Trust Capital	7	10,000,100	10,000,100
Retained Earnings	8	<u>11,290,427</u>	<u>8,580,971</u>
		21,290,527	18,581,071
<b>Total Liabilities and Equity</b>		<b><u>22,488,138</u></b>	<b><u>19,212,144</u></b>

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

 .....Chairperson      30 June 2009  
 .....Trustee      30 June 2009

These financial statements are to be read in conjunction with the notes.

**TSB Community Trust**  
**Statement of Cash Flows**  
**For the year ended 31 March 2009**

	Note	2009 \$	2008 \$
<b>Cash Flow from Operating Activities</b>			
Cash was provided from:			
Interest income		450,723	249,534
Dividend income		8,910,000	8,085,000
		<u>9,360,723</u>	<u>8,334,534</u>
Cash was applied to:			
Operating expenses		521,359	414,698
Grants paid		5,903,860	6,731,529
		<u>6,425,219</u>	<u>7,146,227</u>
<b>Net Cash Flow from Operating Activities</b>	<b>9</b>	<b>2,935,504</b>	<b>1,188,307</b>
<b>Cash Flow from Investing Activities</b>			
Cash was provided from:			
Net decrease in investment securities		-	-
Cash was applied to:			
Net increase in investment securities		3,262,384	2,064,811
Property, plant and equipment purchased		<u>24,080</u>	<u>8,084</u>
<b>Net Cash Flow from Investing Activities</b>		<b>(3,286,464)</b>	<b>(2,072,895)</b>
Net increase in cash		(350,960)	(884,588)
Cash and cash equivalents at start of year		<u>816,921</u>	<u>1,701,509</u>
<b>Cash and cash equivalents at end of year</b>		<b><u>465,961</u></b>	<b><u>816,921</u></b>
<b>Represented by:</b>			
Petty cash		63	82
TSB Bank cheque account		462,968	90,811
TSB Bank reserve interest account		2,930	707
TSB Bank term deposits		-	725,321
		<u>465,961</u>	<u>816,921</u>

These financial statements are to be read in conjunction with the notes.

**TSB Community Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2009**

**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 30 June 2009.

**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 8 - Operating Segments. NZ IFRS 8 replaces NZ IAS 14 - Segment Reporting. the new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes.

NZ IAS 1 - Presentation of Financial Statements (Revised Standard) will apply to the Trust from 1 April 2009.

NZ IFRS 7 - Improving Disclosures about Financial Instruments (Amendments to NZ IFRS 7 Financial Instruments: Disclosures). This standard is effective for annual reporting periods beginning on or after 1 January 2009.

**TSB Community Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2009**

**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 and derecognised on trade date where purchase or sale 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.

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

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



**TSB Community Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2009**

**1. Statement of Accounting Policies continued**

**Specific Accounting Policies continued**

**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. Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective interest basis. Government bonds are designated as held-to-maturity investments.

**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.

Effective Interest Method

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.

Impairment of Financial Assets

Financial assets, other than those at fair value through profit and loss, are assessed for indicators for impairment at each balance sheet 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.

**TSB Community Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2009**

**1. Statement of Accounting Policies continued**

**ii) Loans and Receivables continued**

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.

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.

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.

**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.

**TSB Community Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2009**

**1. Statement of Accounting Policies continued**

**(iii) 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.

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) Goods and Services Tax**

The financial statements have been prepared on a GST inclusive basis.

**e) Taxation**

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

**f) 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

**TSB Community Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2009**

**1. Statement of Accounting Policies continued**

**f) Property, Plant and Equipment continued**

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.

**g) 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.

**h) Capital**

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 Government Bonds.

**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 which 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 2009**

**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 balance sheet. The carrying value of grants payable at 31 March 2009 was \$1,141,700 (2008:\$573,300) and the value of contingent liabilities in relation to grants has been disclosed in note 12.

**2. Interest**

	<b>2009</b>	<b>2008</b>
	\$	\$
Bank deposits	324,383	176,549
Held to maturity investments	184,968	60,690
	<u>509,351</u>	<u>237,239</u>

**3. Cash and Cash Equivalents**

Petty cash	63	82
TSB Bank cheque account	462,968	90,811
TSB Bank reserve interest account	2,930	707
TSB Bank term deposits	-	725,321
	<u>465,961</u>	<u>816,921</u>

**TSB Community Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2009**

	2009 \$	2008 \$
<b>4. Trade and Other Receivables</b>		
Dividend receivable	6,600,000	6,310,000
Accrued interest	<u>61,285</u>	<u>2,657</u>
	<u><u>6,661,285</u></u>	<u><u>6,312,657</u></u>

**5. Investments**

**Current**

Loans and receivables carried at amortised cost:

TSB Bank Limited term deposits 3,225,750 | 65,000 |

Held-to-maturity investments carried at amortised cost:

NZ Government Bonds 2,101,445 | 1,999,811 |

5,327,195 | 2,064,811 |

**Non Current**

Investments carried at cost:

Shares In TSB Bank Limited 10,000,000 | 10,000,000 |

**6. Property, Plant & Equipment**

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

**TSB Community Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2009**

**6. Property, Plant & Equipment continued**

<b>2008</b>	<b>Buildings</b>	<b>Furniture &amp; Fittings</b>	<b>Other Fixed Assets</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cost	2,070	9,913	136,232	148,215
Accumulated depn	<u>(2,070)</u>	<u>(5,721)</u>	<u>(100,902)</u>	<u>(108,693)</u>
Opening net book value		4,192	35,330	39,522
Additions	-	-	8,084	8,084
Disposals	-	-	(476)	(476)
Depreciation	<u>-</u>	<u>(2,477)</u>	<u>(26,898)</u>	<u>(29,375)</u>
Closing net book value	<u>-</u>	<u>1,715</u>	<u>16,040</u>	<u>17,755</u>
Cost	2,070	9,913	125,518	137,501
Accumulated depn	<u>(2,070)</u>	<u>(8,198)</u>	<u>(109,478)</u>	<u>(119,746)</u>
	<u>-</u>	<u>1,715</u>	<u>16,040</u>	<u>17,755</u>

**7. Trust Capital**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Trust capital	100	100
Initial gift	<u>10,000,000</u>	<u>10,000,000</u>
	<u>10,000,100</u>	<u>10,000,100</u>

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

**8. Retained Earnings**

Balance at beginning of year	8,580,971	6,452,333
Net profit/(loss)	<u>2,709,456</u>	<u>2,128,638</u>
Balance at end of year	<u>11,290,427</u>	<u>8,580,971</u>

**TSB Community Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2009**

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

	2009 \$	2008 \$
<b>Net Surplus</b>	<b>2,709,456</b>	<b>2,128,638</b>
Add back		
Depreciation	15,744	29,375
Loss on disposal	3,037	476
	<u>2,728,237</u>	<u>2,158,489</u>
Add/deduct		
(inc)/decrease in trade and other receivables	(348,628)	(702,705)
inc/(decrease) in trade and other payables	566,538	(267,477)
Deduct increase in trade and other payables classed as investing activities	(10,643)	-
	<u><u>2,935,504</u></u>	<u><u>1,188,307</u></u>

**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	9,200,000	8,800,000
Interest income	324,383	237,239

The amounts outstanding at balance date were:

Dividends receivable	6,600,000	6,310,000
Interest receivable	61,285	2,657
Short term deposits	3,225,750	790,321

<b>Donations to Related Interests</b>	<b>1,187,034</b>	<b>160,052</b>
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The trust paid donations throughout the year to community organisations of which the trustees are members. There were no amounts outstanding at 31 March 2009 relating to these transactions.

**Key Management Compensation**

Short term employees benefits	180,959	142,649
Short term trustee benefits	85,746	93,964
	<u><u>266,705</u></u>	<u><u>236,613</u></u>

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



**TSB Community Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2009**

**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.

2009	Ave Effective Interest Rate %	0-6 Months \$	6-12 Months \$	1-2 Years \$	2-5 Years \$	Over 5 Years \$	Total \$
<b>Financial liabilities</b>							
Payables	0	(1,197,611)	-	-	-	-	(1,197,611)
<b>Total financial liabilities</b>		<u>(1,197,611)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,197,611)</u>

2008	Ave Effective Interest Rate %	0-6 Months \$	6-12 Months \$	1-2 Years \$	2-5 Years \$	Over 5 Years \$	Total \$
<b>Financial liabilities</b>							
Payables	0	(631,074)	-	-	-	-	(631,074)
<b>Total financial liabilities</b>		<u>(631,074)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(631,074)</u>

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 \$34,558. 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.

**TSB Community Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2009**

**11. Financial Instruments continued**

**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 balance sheet.

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:

	<b>Carrying Amount 2009 \$</b>	<b>Fair Value 2009 \$</b>	<b>Carrying Amount 2008 \$</b>	<b>Fair Value 2008 \$</b>
NZ Government Bonds	<u>2,101,445</u>	<u>2,100,000</u>	<u>1,999,811</u>	<u>2,023,000</u>

The fair value has been determined as the amount receivable on maturity.

The carrying values for cash and cash equivalents and loans and receivables are their fair values.

It is not practicable to estimate the fair value of the shares in the TSB Bank Limited. Their fair value cannot be reliably measured as the market for such shares is unknown. The Trust intends to hold the shares for the long term.

**TSB Community Trust**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2009**

**12. Contingent Liabilities**

	2009	2008
	\$	\$
Grants approved but the distribution is subject to the donees' meeting certain conditions	<u>5,363,700</u>	<u>1,282,700</u>

**13. Capital Commitments**

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

**14. Subsequent Events**

There were no material events subsequent to balance date.

**15. 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.

**16. Publishing Requirements**

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

1st quarter	11 September 2008
2nd quarter	11 November 2008
3rd quarter	1 January 2009
4th quarter	18 May 2009

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

# Deloitte

## AUDIT REPORT TO THE TRUSTEES OF TSB COMMUNITY TRUST

We have audited the financial statements on pages 3 to 18. The financial statements provide information about the past financial performance of TSB Community Trust and its financial position as at 31 March 2009. This information is stated in accordance with the accounting policies set out on pages 6 to 12.

### Trustee's Responsibilities

The Trustees are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which fairly reflect the financial position of TSB Community Trust as at 31 March 2009 and the results of operations and cash flows for the year ended on that date.

### Auditors' Responsibilities

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

### 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 Trustees in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the TSB Community 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 auditor, we have no relationship with or interests in TSB Community Trust.

### Unqualified Opinion

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

In our opinion the financial statements on pages 3 to 18, fairly reflect the financial position of TSB Community Trust as at 31 March 2009 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 30<sup>th</sup> June 2009 and our unqualified opinion is expressed as at that date.



Chartered Accountants  
HAMILTON, NEW ZEALAND

This audit report relates to the financial statements of TSB Community Trust for the year ended 31 March 2009 included on TSB Community Trust's website. The Trustees of TSB Community Trust are responsible for the maintenance and integrity of TSB Community Trust's website. We have not been engaged to report on the integrity of TSB Community Trust's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 30<sup>th</sup> June 2009 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.