TSB Community Trust
Financial Statements
for the year ended 31 March 2019

Contents

Trust directory

Settlement	30 May 1988	
Principal place of business	21 Dawson Street New Plymouth	
Discretionary beneficiaries	As per the Trust Deed	
Trustees	Harvey Dunlop (Chairperson appointed 1st July 2018) Iqbal Haque (appointed 1st July 2018) Chris Ussher (appointed 1st July 2018) Jennifer Gellen Te Aroha Hohaia Ainsley Luscombe Keryn Broughton Robin Brockie Guy Roper Peter Dalziel Hayden Wano (finished term 30 June 2018) Kelly Marriner (finished term 30 June 2018)	
Auditors	KPMG Wellington	
Bankers	TSB Bank New Plymouth	
Solicitors	Govett Quilliam New Plymouth	Buddle Findlay Wellington

Statement of Comprehensive Revenue and Expense

For the year ended 31 March 2019

	Note	2019 $	2018 $
Revenue			
Revenue from exchange transactions	6	**11,456,744**	11,055,472
Revenue from non-exchange transactions	6	**-**	1,511
Total Revenue		**11,456,744**	11,056,983
Expenses			
Audit fees		**(28,500)**	(58,307)
Depreciation and amortisation	8	**(68,108)**	(131,972)
Grants - paid		**(6,850,953)**	(7,837,563)
Grants - committed to be paid		**(2,960,496)**	(1,531,795)
Personnel		**(803,057)**	(584,703)
Consultancy fees		**(108,496)**	(102,817)
Trustee honoraria		**(112,655)**	(113,500)
Trustee expenses		**(47,458)**	(61,245)
Other expenses	7	**(497,188)**	(435,036)
Total Expenses		**(11,476,911)**	(10,856,938)
Finance income	9	**670,827**	639,900
Operating Surplus before Impairment		**650,660**	839,945
Reversal of Impairment Losses	10	**-**	207,436
Surplus for the year		**650,660**	1,047,381
Other Comprehensive Revenue and Expenses		**-**	-
Total Comprehensive Revenue and Expenses for the year		**650,660**	1,047,381

These financial statements have been issued for and on behalf of the Trustees on 17th July 2019 by:

Chairperson

Trustee

KPMG
Wellington
Marked for Identification

Statement of Changes in Net Assets
For the year ended 31 March 2019

	Note	Trust Capital $	Reserve Fund $	Retained earnings $	Total Equity $
Balance as at 1 April 2018		10,000,100	7,920,000	10,071,125	27,991,225
Surplus or deficit for the year		-	-	650,660	650,660
Transfer to / (from) reserves in the year		-	1,306,000	(1,306,000)	-
Balance as at 31 March 2019		10,000,100	9,226,000	9,415,785	28,641,885
Balance as at 1 April 2017		10,000,100	8,887,145	8,056,599	26,943,844
Surplus for the year		-	-	1,047,381	1,047,381
Transfer to / (from) reserves in the year		-	(967,145)	967,145	-
Balance as at 31 March 2018		10,000,100	7,920,000	10,071,125	27,991,225

Statement of Financial Position
As at 31 March 2019

	Note	2019 $	2018 $
Current Assets			
Cash and cash equivalents	11	**3,739,520**	4,858,657
Receivables from exchange transactions	12	**425,452**	298,399
Prepayments		**97,001**	-
Other financial assets	16	**10,107,334**	9,500,000
Total Current Assets		**14,369,307**	14,657,056
Non-Current Assets			
Property, plant & equipment	14	**570,425**	604,059
Intangible assets	15	**14,001**	-
Other financial assets	16	**7,354,900**	4,769,000
Investment in related parties		**10,099,999**	10,099,999
Total Non-Current Assets		**18,039,325**	15,473,058
Total Assets		**32,408,632**	30,130,114
Current Liabilities			
Payables under exchange transactions	17	**140,588**	82,040
Accruals		**59,762**	135,451
Employee entitlements	18	**28,968**	17,775
Grants payable		**3,537,429**	1,903,623
Total Liabilities		**3,766,747**	2,138,889
Net Assets		**28,641,885**	27,991,225
Equity			
Trust capital	20	**10,000,100**	10,000,100
Retained earnings		**9,415,785**	10,071,125
Reserve fund	21	**9,226,000**	7,920,000
Total Equity		**28,641,885**	27,991,225

Statement of Cash Flows
For the year ended 31 March 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Cash was provided from/(applied to):			
Dividends received		**11,000,000**	11,000,000
Interest received		**446,773**	533,299
Other income		**672,244**	56,983
Grants paid		**(8,177,643)**	(9,885,011)
Operating expenses		**(698,783)**	(540,751)
Payments to employees		**(1,007,364)**	(595,121)
Payments to trustees		**(112,655)**	(113,500)
Net cash generated from/(used in) operating activities	23	**2,122,572**	455,899
Cash flows from investing activities			
Cash was provided from/(applied to):			
Net cash movement of term investments		**(3,193,234)**	2,740,000
Proceeds from settlement of investment		**-**	537,382
Purchase of property, plant and equipment		**(34,474)**	(144,985)
		(3,227,708)	3,132,397
Purchase of intangible assets		**(14,001)**	-
Net cash generated from/(used in) investing activities		**(3,241,709)**	3,132,397
Net increase in cash and cash equivalents		**(1,119,137)**	3,588,296
Cash and cash equivalents at beginning of the year		**4,858,657**	1,270,361
Cash and cash equivalents at end of the year	11	**3,739,520**	4,858,657

1 Reporting entity

These financial statements comprise the financial statements of TSB Community Trust (the "Trust") for the year ended 31 March 2019. The Trust Is domiciled in New Zealand and incorporated under the Charitable Trust Act 1957. The Trust is a community trust as defined in the Community Trusts Act 1999.

The nature of the Trust's operations is investment and application of the Trust funds for community benefit. The Trust has been established to carry on activities for the exclusive benefit of the community within Taranaki.

The financial statements were authorised for issue by the Trustees on 17th July 2019.

2 Basis of Preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Tier 1 Public Benefit Entity (PBE) Reporting Standards as issued by the New Zealand External Reporting Board (XRB). They comply with New Zealand equivalents to International Public Sector Accounting Standards (NZ IPSAS) and other applicable Financial Reporting Standards as appropriate to Public Benefit Entities.

The financial statements of the Trust comply with PBE Standards. The Trust Is deemed a public benefit entity for financial reporting purposes, as the Trust's primary objective is to provide services to the community for social benefit and has been established with a view to supporting that primary objective rather than a financial return.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for assets and liabilities that have been measured at fair value. The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

(c) Presentation currency

The financial statements are presented in New Zealand dollars. All numbers are rounded to the nearest dollar.

(d) Comparatives

The comparative financial period is 12 months.

(e) Changes in accounting policies

There have been no changes in accounting policies.

(f) New standards and amendments issued but not yet adopted

At the date of authorisation of these financial statements, certain new PBE Standards and amendments to existing standards have been published but are not yet effective, and have not been adopted early by the Trust. The reported results and financial position of the Trust is not expected to change on adoption of these pronouncements as they do not result in any changes to the Trust's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements.

3 Summary of Significant Accounting Policies

The accounting policies of the Trust have been applied consistently to all years presented in these financial statements.

The significant accounting policies used in the preparation of these financial statements are summarised below:

(a) 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 an insignificant risk of changes in value.

(b) Debtors and Other Receivables

Trade debtors and other receivables are measured at their costs less any impairment losses.

An allowance for impairment is established where there is objective evidence the Trust will not be able to collect all amounts due according to the original terms of the receivable.

(c) Creditors and Other Payables

Trade creditors and other payables are stated at cost.

(d) Property, Plant and Equipment

Items of property, plant and equipment are measured at cost, less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Additions and Subsequent Costs
Subsequent costs and the cost of replacing part of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Trust and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the acquisition date.

All repairs and maintenance expenditure is charged to surplus or deficit in the year in which the expense is incurred.

Disposals
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal.

When an item of property, plant or equipment is disposed of, the gain or loss recognised in the surplus or deficit is calculated as the difference between the net sale proceeds and the carrying amount of the asset.

Upon disposal, any revaluation reserve relating to the particular asset being sold is reclassified to accumulated funds.

Depreciation
The cost amount of property, plant and equipment less the estimated residual value is depreciated over their useful lives on a straight line basis. Depreciation is recognised as an expense in the reported surplus or deficit. The following depreciation estimated useful lives have been used:

Furniture and fittings	4 - 14 years
Information technology (IT)	2 - 5 years
Leasehold improvements	4 - 14 years
Other fixed assets	2 - 14 years

The residual values, useful life, and depreciation methods of property, plant and equipment 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 surplus or deficit as an expense.

3 Summary of Significant Accounting Policies (continued)

(e) Intangibles

Intangible assets acquired separately are initially recognised at cost.

The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange.

Intangible assets with finite useful lives
Intangible assets acquired by the Trust which have finite useful lives, are measured at cost less accumulated amortisation and any impairment losses.

Amortisation is recognised on a straight-line basis over the estimated useful life of the asset, from the date they are available for use and expensed in the reported surplus or deficit for the year.

The following amortisation estimated useful lives have been applied to each class of intangible assets:

APP development	2 years

Residual values and useful lives are assessed at each reporting date.

Intangible assets with finite useful lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Disposals
Gains or losses on de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and recognised in the surplus or deficit for the year.

(f) Impairment of Non-Financial Assets

Impairment of cash generating units
At each reporting date, the Trust assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset Is required, the Trust estimates the asset's recoverable amount. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. An asset's or CGU's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use.

Where the carrying amount of an asset or the cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised immediately in surplus or deficit.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Trust estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in surplus or deficit.

3 Summary of Significant Accounting Policies (continued)

Impairment of non-cash generating units
Financial assets are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one of more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Impairment losses are recognised immediately in surplus or deficit.

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, as well as observable changes in national or local economic conditions that correlate with default on receivables.

(g) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

Financial instruments are comprised of trade debtors and other receivables, cash and cash equivalents, investments and trade creditors and other payables.

Initial recognition and measurement
Financial assets and financial liabilities are recognised initially at fair value, net of transaction costs attributable to the acquisition, except for those carried at fair value through surplus or deficit, which are measured at fair value.

Financial assets and financial liabilities are recognised when the reporting entity becomes a party to the contractual provisions of the financial instrument.

Derecognition of financial instruments
Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the Trust transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Subsequent measurement of financial assets
The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition into one of three categories defined below, and re-evaluates this designation at each reporting date.

All financial assets except for those classified as fair value through profit or loss are subject to review for impairment at least at each reporting date. Different criteria to determine impairment are applied to each category of financial assets, which are described below.

The classification of financial instruments into one of the three categories below, determines the basis for subsequent measurement and whether any resulting movements in value are recognised in the reported surplus and deficit or other comprehensive revenue and expense.

(i) Loan and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Trust's cash and cash equivalents, trade debtors and most other receivables fall into this category of financial instruments.

After initial recognition, such financial assets are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

3 Summary of Significant Accounting Policies (continued)

(ii) *Held to maturity*
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Trust has the intention and ability to hold them until maturity. The Trust currently holds investments designated into this category.

Held-to-maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in surplus or deficit.

(iii) *Available-for-sale financial assets*
Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Trust's available-for-sale financial assets include certain other equity investments.

Equity investments are measured at cost less any impairment charges, where the fair value cannot currently be estimated reliably.

All other available-for-sale financial assets are measured at fair value. Gains and losses are recognised in other comprehensive revenue and expenses and reported within the "available-for-sale revaluation reserve" within equity, except for impairment losses which are recognised in the surplus or deficit for the year.

When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive revenue and expenses is reclassified from the equity reserve to the surplus or deficit and presented as a reclassification adjustment within other comprehensive revenue and expenses.

Interest income or dividends on available-for-sale financial assets are recognised in the surplus or deficit.

Available-for-sale financial instruments are reviewed at each reporting date for objective evidence that the investment or a group investment Is impaired. Objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

Subsequent measurement of financial liabilities
Trade payables are other borrowings are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

(h) Employee entitlements

Short-term employee benefits
Employee benefits, previously earned from past services that the Trust expects to be settled within 12 months of reporting date are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date.

(i) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Trust and revenue can be reliably measured. Revenue is measured at the fair value of consideration received.

The Trust assesses its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only the portion of revenue earned on the Trust's own account is recognised as gross revenue in the Statement of Comprehensive Revenue and Expenses.

The following specific recognition criteria must be met before revenue is recognised:

Revenue from non-exchange transactions
A non-exchange transaction is where the Trust either receives value from another entity without directly giving approximate equal value in exchange, or gives value to another entity without directly receiving approximate equal value in exchange.

Where non-exchange revenue is received with conditions attached, the asset is recognised with a matching liability. As the conditions are satisfied the liability is decreased and revenue recognised. When non-exchange revenue is received with restrictions attached, but no requirements to return the asset if not deployed as specified, then revenue is recognised on receipt.

3 Summary of Significant Accounting Policies (continued)

Interest income
Interest income is accrued on a timely 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.

Dividend income
Dividend income is recognised on an accrual basis when the Trust's right to receive payment has been established.

Overhead recovery income
Overhead recovery income is recognised to reflect the Trust's subsidiaries contribution towards the overheads provided.

(j) Grants

Grants to eligible organisations are recognised as an expense in the Statement of Comprehensive Revenue and Expenses when they are approved by the Board of Trustees. Grants covering multiple years are recognised proportionately in each year they relate. Any grants approved by the Board of Trustees with any additional specified restrictions or conditions are recognised initially as contingent liabilities and are subsequently recognised as expenditure when the specified criterion for the grant has been met.

(k) Income tax

The Trust is exempt from income tax under section CW 52 of the Income Tax Act 2007.

(l) Goods and services tax

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

4 Significant accounting judgements, estimates, and assumptions

The preparation of financial statements in conformity with NZ IPSAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant judgements estimates and assumptions is provided in the relevant accounting policy or provided in the relevant note disclosure.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to ongoing review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in future years affected.

The following are significant management judgements in applying the accounting policies of the Trust that have a significant effect on the financial statements:

Impairment
An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to the future events and circumstances.

Recognition of grants payable
The criteria used to determine whether or not a grant is payable or recognised as a contingent liability only is disclosed in paragraph 3 (j). There are grants payable at year end of $3,537,429 (2018: $1,903,623).

5 Capital management policy

The Trust's capital is its equity, being the net assets represented by retained earnings and other equity reserves. The primary objective of the Trust's capital management policy is to ensure adequate capital reserves are maintained in order to support its activities. 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 (Note 21) that is Invested in New Zealand investment securities and bank deposits.

6 Revenue from Exchange and Non-Exchange Transactions

	Note	2019 $	2018 $
Revenue from exchange transactions			
Dividend revenue - TSB Group Limited	27	**11,000,000**	11,000,000
Overhead recovery revenue		**67,706**	55,472
Other revenue		**389,038**	-
Total revenue from exchange transactions		**11,456,744**	11,055,472
Revenue from non-exchange transactions			
Donations received		**-**	1,511
Total revenue from non-exchange transactions		**-**	1,511
Total revenue from exchange and non-exchange transactions		**11,456,744**	11,056,983

7 Other Operating Expenses

	2019 $	2018 $
Accounting fees	**5,881**	70,035
General expenses	**230,984**	152,196
Rent under operating leases	**90,880**	86,305
Facility and office expenses	**66,013**	57,195
IT costs	**103,430**	69,305
	497,188	435,036

8 Depreciation and Amortisation

	2019 $	2018 $
Depreciation of property, plant and equipment	**68,108**	73,477
Amortisation of intangibles	**-**	58,495
	68,108	131,972

9 Net Surplus from Finance Activities

	2019 $	2018 $
Finance income		
Interest income on term investments	**670,827**	623,030
Interest income on held to maturity investments	**-**	16,870
Total finance income	**670,827**	639,900
Net surplus from finance activities	**670,827**	639,900

10 Reversal of Impairment Losses/(Impairment Losses)

	2019 $	2018 $
Solid Energy Limited	-	207,436
	-	207,436

In 2015 the Trust acknowledged the uncertainty of the future of Solid Energy Limited (SENZ). The Trust considered its holding in Solid Energy Limited Fixed Rate Notes to be impaired and recognised the impairment of the $1,000,000 carrying value of this investment. Subsequent to the approval by creditors of the SENZ Deed of Company Arrangement on 17 September 2015, the Trust has recognised a new restructured asset and reversed a portion of the previously recognised provision. In 2018, the final debt settlement was received of $537,382 which resulted in an impairment write back on settlement of $207,436. In 2019 a final dividend was received of $39,038.

11 Cash and Cash Equivalents

	2019 $	2018 $
Cash at bank and in hand	3,739,520	4,858,657
	3,739,520	4,858,657

The carrying amount of cash and cash equivalents approximates their fair value.

Cash at bank earns interest at floating rates on a daily deposit basis.

12 Receivables from Exchange Transactions

	2019 $	2018 $
Related party receivables	283,571	182,411
Interest receivable	141,881	115,988
	425,452	298,399

Trade debtors and other receivables are non-interest bearing. Therefore the carrying value of trade debtors and other receivables approximates its fair value.

At balance date, all overdue receivables have been assessed for impairment and appropriate allowances made. All receivables are subject to credit risk exposure. The maximum exposure to credit risk at the reporting date is the carrying amount receivables as disclosed above. The Trust does not hold any collateral as security.

13 Investment in Related Parties

	2019 $	2018 $
Shares in TSB Group Limited	10,099,999	10,099,999
	10,099,999	10,099,999

14 Property, Plant and Equipment

	Building Fit Out $	IT $	Furniture & Fittings $	Other Fixed Assets $	Total $
2019					
Gross carrying amount					
Opening balance	**560,011**	**79,657**	**89,913**	**158,380**	**887,961**
Additions	1,362	25,170	6,893	1,049	34,474
Disposals	-	-	-	(3,843)	(3,843)
Closing balance	**561,373**	**104,827**	**96,806**	**155,586**	**918,592**
Accumulated depreciation					
Opening balance	**(66,354)**	**(62,397)**	**(21,162)**	**(133,989)**	**(283,902)**
Disposals	-	-	-	3,843	3,843
Depreciation charge for the year	(39,239)	(12,458)	(9,100)	(7,311)	(68,108)
Balance as at 31 March 2019	**(105,593)**	**(74,855)**	**(30,262)**	**(137,457)**	**(348,167)**
As at 31 March 2019	**455,780**	**29,972**	**66,544**	**18,129**	**570,425**
2018					
Gross carrying amount					
Opening balance	**440,990**	**67,647**	**77,197**	**157,141**	**742,975**
Additions	119,021	12,010	12,716	1,239	144,986
Closing balance	**560,011**	**79,657**	**89,913**	**158,380**	**887,961**
Accumulated depreciation					
Opening balance	**(33,441)**	**(37,461)**	**(13,092)**	**(126,430)**	**(210,424)**
Depreciation charge for the year	(32,913)	(24,936)	(8,070)	(7,559)	(73,478)
Closing balance	**(66,354)**	**(62,397)**	**(21,162)**	**(133,989)**	**(283,902)**
As at 31 March 2018	**493,657**	**17,260**	**68,751**	**24,391**	**604,059**

15 Intangible Assets

Movements in the carrying value for each class of intangible asset are as follows:

	Database $	Total $
Gross carrying amount		
Opening balance as at 1 April 2017	242,713	242,713
Additions	-	-
Closing balance as at 31 March 2018	**242,713**	**242,713**
Opening balance as at 1 April 2018	**242,713**	**242,713**
Additions	14,001	14,001
Closing balance as at 31 March 2019	**256,714**	**256,714**
Accumulated amortisation and impairment		
Opening balance as at 1 April 2017	(184,218)	(184,218)
Current year amortisation	(58,495)	(58,495)
Closing balance as at 31 March 2018	**(242,713)**	**(242,713)**

15 Intangible Assets (continued)

	Database $	Total $
Opening balance as at 1 April 2018	(242,713)	(242,713)
Current year amortisation	-	-
Closing balance as at 31 March 2019	(242,713)	(242,713)

The Trust purchased an application system on the 29th March 2019 which will be amortised over 2 years.

16 Other Financial Assets

	2019 $	2018 $
Current assets		
Loans and receivables		
Term investments	7,933,334	5,650,000
Reserve investments	2,174,000	3,850,000
Total current other financial assets	10,107,334	9,500,000
Non-current assets		
Loans and receivables		
Reserve investments	7,354,900	4,769,000
Total non-current other financial assets	7,354,900	4,769,000

17 Payables under Exchange Transactions

	2019 $	2018 $
Current		
Accounts payables	140,588	82,040
	140,588	82,040

Accounts payable are non-interest bearing and normally settled on 30 day terms; therefore their carrying amount approximates their fair value.

18 Employee Entitlements

	2019 $	2018 $
Annual leave entitlements	28,968	17,775
	28,968	17,775

Employee entitlements represent the Trust's obligation to its current employees that are expected to be settled within 12 months of balance date. These consist of accrued holiday pay entitlements at the reporting date.

19 Operating Leases

Operating leases are held for premises used for office space.

	2019	2018
	$	$
Non-cancellable operating leases are payable as follows:		
Less than one year	**90,880**	89,869
Between one and five years	**204,478**	292,254
More than five years	**-**	-
	295,358	382,123

The lease entered into commenced on 1 July 2017. The term is for five years expiring 1 July 2022 with two rights of renewal on a five yearly basis. Rent reviews are annual.

20 Trust Capital

	2019	2018
	$	$
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 50 cents each.

21 Reserve Fund

The reserve fund has been established as a contingency fund against fluctuation In the TSB Group Limited annual dividends. This fund shall be sufficient to meet 150% of annual operating costs offset 150% of annual interest income, operational grants for two years and estimated literacy and numeracy grants for one year. Multi-year grants cannot exceed 50% of the closing reserve fund and 20% of forecasted dividends for the year. The balance at 31 March 2019 is $9,226,000 (2018: $7,920,000).

22 Financial Instruments

(a) Financial instrument risk management

The Trust has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Trust is exposed to market risk through their use of financial instruments and specifically to interest rate risk, and certain other price risks, which result from both its operating and investing activities.

The Trust has a series of policies to manage the risk associated with financial instruments. Policies have been established which do not allow transactions that are speculative in nature to be entered into and the Trust are not actively engaged in the trading of financial instruments. As part of this policy, limits of exposure have been set and are monitored on a regular basis.

22 Financial Instruments (continued)

(a) Financial instrument risk management (continued)

(i) Credit risk
Credit risk is the risk that a third party will default on its obligation to the Trust, causing the Trust to incur a 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 continuously monitors defaults of customers and counterparties, and incorporates this information into its credit risk controls. The Trust manages its exposure to credit risk on an ongoing basis.

The Trust has a significant concentration of credit risk with TSB Bank Limited. The Trust's policy is to keep investments with the TSB Bank Limited conditional upon the bank's credit rating remaining at a predetermined level.

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

(ii) Liquidity risk
Liquidity risk represents the Trust's ability to meet its contractual obligations as they fall due. The Trust manages liquidity risk by managing cash flows.

The Trust's policy for management of liquidity 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 Trust considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Trust's existing cash resources and trade receivables significantly exceed the current cash outflow requirements.

The Trust's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Carrying Amounts $	Total Contractual Cash Flows $	0 - 6 months $	6-12 months $
2019				
Non-derivative financial liabilities				
Trade creditors and other payables	229,318	229,318	229,318	-
Total	**229,318**	**229,318**	**229,318**	**-**
2018				
Non-derivative financial liabilities				
Trade creditors and other payables	235,266	235,266	235,266	-
Total	**235,266**	**235,266**	**235,266**	**-**

(iii) Market risk
Market risk is the risk that changes in market prices, such as interest rates will affect the Trust's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(iv) Interest rate risk
Interest rate risk is the risk that cash flows from a financial instrument will fluctuate because of changes in market interest rates.

The Trust is exposed to interest rate risk primarily on its interest bearing financial assets. Management actively review exposure to interest rate risk. The Trust's interests in bonds and term investments all pay fixed interest rates and the interest risk exposure is considered immaterial.

22 Financial Instruments (continued)

(a) Financial instrument risk management (continued)

Interest rate risk profile
At the reporting date the interest rate profile of interest-bearing financial instruments was:

	2019 **$**	2018 $
Fixed Interest Instruments		
Financial assets	**21,201,754**	19,127,657
Total	**21,201,754**	19,127,657

23 Reconciliation of Cash Flows from Operating Activities

	2019 **$**	2018 $
Surplus/(deficit) for the year	**650,660**	1,047,381
Add/(deduct) non-cash items		
Depreciation and amortisation	**68,108**	131,972
Reversal of impairment losses	**-**	(207,436)
Add/(deduct) movements in working capital		
Decrease / (Increase) in other receivables	**(224,054)**	(106,601)
Increase / (Decrease) in creditors and other payables	**1,616,665**	(398,999)
Increase / (Decrease) in employee entitlements	**11,193**	(10,418)
Net cash flows generated from/(used in) operating activities	**2,122,572**	455,899

24 Contingent Assets and Contingent Liabilities

The Trust has no material contingent assets (2018: Nil}.

	2019 **$**	2018 $
Contingent liabilities		
Multi-year commitments	**6,848,500**	4,710,600

Contingent grants are donations approved but the distribution is subject to the donees meeting certain conditions.

25 Commitments

Capital commitments
There is no capital expenditure contracted for the end of the reporting period (2018: $Nil).

26 Events After the Reporting Date

There are no material events subsequent to balance date which are otherwise not disclosed in the financial statements of the Trust.

27 Related Party Transactions

Related party transactions arise when an entity or person has the ability to significantly influence the financial and operating policies of the Trust.

The Trust has a related party relationship with its Trustees and other key management personnel.

The Trust is the ultimate parent of TSB Group Limited. TSB Group Limited is a majority shareholder of TSB Bank Limited. The Trust holds various term investments with TSB Bank Limited. TSB Group Limited also owns 100% of shares in TSB Group Capital Limited. TSB Group Capital Limited owns 100% of shares in TSB Group Investments Limited. TSB Group Investments Limited has an investment in subsidiary, Fisher Funds Management Limited.

Transactions with related parties

The following transactions were carried out with related parties:

	2019 $	2018 $
a) Income		
TSB Group Limited	**283,206**	182,301
TSB Group Limited - Dividend income	**11,000,000**	11,000,000
TSB Bank Limited - Interest income	**670,827**	623,030
	11,954,033	11,805,331

TSB Community Trust recovers a portion of staff costs from entities within the group for the support functions provided on an annual basis at an agreed total amount that is estimated at the beginning of each year. This is recovered through TSB Group Limited.

	2019 $	2018 $
b) Expenses		
Other related parties - Grants	**943,100**	805,591
Other related parties - Services	**1,362**	29,455
	944,462	835,046

During the year a number of grants have been paid by TSB Community Trust to various community organisations where key management has a position which is considered to be part of the control of the benefiting organisation.

Services were received during the year from entities which had a member of TSB Community Trust key management in a position which was considered to be a position of control.

	2019 $	2018 $
c) Donations to related interests		
Donations paid	**3,332,984**	2,416,111
Donations made with conditions	**221,000**	2,348,520
	3,553,984	4,764,631

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27 Related Party Transactions (continued)

The above related interests have been compiled based on a broad definition of related interests that would include, not just where key management are members of the board of a community organisation, but also where a trustee or staff member 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.

	2019 **$**	2018 $
d) Year end balances with related parties		
Receivables from related parties:		
Receivables - TSB Group Limited	**283,571**	182,411
Receivables- TSB Bank Limited	**141,881**	115,988
Term investments- TSB Bank Limited	**17,462,234**	14,269,000
	17,887,686	14,567,399

The receivables from related parties arise from dividends and interest receivable at year end. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties (2018: Nil).

e) Key management personnel compensation

The Trust has a related party relationship with its key management personnel. Key management personnel include the Trust's Board of Trustees, and the Leadership team. There are 10 appointed Trustees on the Trust's Board.

Key management personnel compensation includes the following expense:

	2019 **$**	2018 $
Salaries - Leadership team	**616,419**	397,087
Number of full time equivalent individuals recognised as key management personnel:	**4.8**	3.3
Trustees honoraria	**112,655**	113,500

28 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 for those users.

The Trust has 100% ownership of TSB Group 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 Chief Executive, PO Box 667, New Plymouth or by telephoning (06) 769-9471.

29 Publishing Requirements

A comprehensive list itemising all grant recipients will be published in a supplementary report in the Taranaki Daily News in July 2019.

A copy of the list of grants is available to anyone upon request from the Trust's office, PO Box 667, New Plymouth and is also listed on our website https://www.tsbtrust.org.nz/grants/grants-paid.