

ASB CHARITABLE TRUST

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2006

	NOTE	2006 \$000	2005 \$000
INCOME			
Investments	3	93,433	37,513
Rent & Other Income		537	711
		<u>93,970</u>	<u>38,224</u>
DIRECT EXPENDITURE			
Fund Management, Custodian & Advisory Fees		2,047	1,896
		<u>91,923</u>	<u>36,328</u>
OTHER EXPENDITURE			
	7	1,240	881
NET SURPLUS			
		<u>90,683</u>	<u>35,447</u>

STATEMENT OF MOVEMENT IN TRUST FUNDS FOR THE YEAR ENDED 31 MARCH 2006

Net Surplus		90,683	35,447
Committed Grants	5	(21,877)	(20,236)
Total Trust Funds at beginning of year		455,864	440,653
		<u>524,670</u>	<u>455,864</u>
Trust Funds distributed to ASB Bank Community Trust		(524,670)	-
TOTAL TRUST FUNDS AT 31 MARCH			
	1	<u>Nil</u>	<u>455,864</u>

The notes to these financial statements form part of and should be read in conjunction with this Statement of Financial Performance and Statement of Movement in Trust Funds.

ASB CHARITABLE TRUST

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2006

	NOTE	2006 \$000	2005 \$000
CURRENT ASSETS			
ASB Bank Community Trust	430		106
Cash at Bank	10		5
Sundry Accounts Receivable	<u>3</u>		<u>77</u>
Total Current Assets		443	188
INVESTMENTS			
Managed Funds	2	538,703	466,869
Other Investments	2	<u>614</u>	<u>997</u>
Total Investments		539,317	467,866
FIXED ASSETS			
	6	<u>1,983</u>	<u>1,943</u>
		541,300	469,997
Less Assets transferred to ASB Bank Community Trust on distribution	1	(541,743)	
Total Assets at 31 March		<u>Nil</u>	<u>469,997</u>
LESS LIABILITIES:			
Sundry Accounts Payable		651	603
Outstanding Grants Payable	5	<u>16,422</u>	<u>13,530</u>
		17,073	14,133
Less Liabilities transferred to ASB Bank Community Trust on distribution	1	<u>(17,073)</u>	-
Total Liabilities		Nil	14,133
Net Assets at 31 March		<u>Nil</u>	<u>455,864</u>
Represented by:			
TRUST FUNDS			
Capital		251,786	251,786
Capital Maintenance Reserve	4	125,243	112,694
General Reserve	4	75,000	75,000
Retained Surplus		<u>72,641</u>	<u>16,384</u>
		524,670	455,864
Less Trust Funds distributed to ASB Bank Community Trust		(524,670)	-
Trust Funds at 31 March		<u>Nil</u>	<u>455,864</u>

Approved on behalf of the Board:



Chairman

29 May 2006
Date



Deputy Chairman

29 May 2006
Date

The notes to these financial statements form part of and should be read in conjunction with this Statement of Financial Position

ASB CHARITABLE TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2006

	NOTE	2006 \$000	2005 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Income received on other investments		115	703
Refunds of expenses by ASB Bank Community Trust		859	821
Net GST		152	-
Receipts from rentals and other income		<u>270</u>	<u>8</u>
		1,396	1,532
Cash was disbursed on:			
Net GST		-	(2)
Payment to suppliers, trustees & staff		(2,129)	(1,648)
Fund management & advisory fees		<u>(2,132)</u>	<u>(1,931)</u>
		(4,261)	(3,579)
Net cash outflow from operating activities	11	<u>(2,865)</u>	<u>(2,047)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Receipts from fund managers		31,599	30,030
Cash was disbursed on:			
Purchase of fixed assets		(127)	(19)
Transfers to fund managers		<u>(10,000)</u>	<u>(3,000)</u>
		(10,127)	(3,019)
Net cash inflow from investing activities		<u>21,472</u>	<u>27,011</u>
CASH FLOWS FROM FUNDING ACTIVITIES			
Cash was disbursed on:			
Grants to charitable organisations		<u>(18,985)</u>	<u>(25,202)</u>
Net cash outflow from funding activities		(18,985)	(25,202)
Net cash (outflow)/inflow from activities		<u>(378)</u>	<u>(238)</u>
Add opening cash brought forward		1,002	1,240
Distribution to ASB Bank Community Trust		<u>(624)</u>	
Ending cash		<u>Nil</u>	<u>1,002</u>
Cash at year end comprised:			
Cash at bank		-	5
Call deposits		-	997
		<u>Nil</u>	<u>1,002</u>

The notes to these financial statements form part of and should be read in conjunction with this Statement of Cash Flows.

ASB CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

1. STATEMENT OF ACCOUNTING POLICIES

The ASB Charitable Trust ("the Trust") is the reporting entity. The Trust was formed on 31 May 1989 through the creation of a trust deed by the ASB Bank Community Trust and a donation of \$252,000,000.

On 27 February 2006 the Trustees of the ASB Charitable Trust resolved to distribute, on or before 31 March 2006, the capital of that Trust (including all accumulations of income and capital to that date less accrued liabilities) in specie to the ASB Bank Community Trust. Subsequent to this distribution the Trustees intend to formally wind up the ASB Charitable Trust.

The measurement basis adopted is that of historical cost adjusted for the revaluation of certain assets. Reliance is placed on the fact that the Trust is a going concern within the ASB Bank Community Trust. The Financial Statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993.

Statement of Cash Flows

Cash comprises cash at bank and call deposits but does not include cash or deposits held by the Fund Managers. Therefore the Statement of Cash Flows does not reflect the cash flows within the Fund Managers' portfolios.

Depreciation

Depreciation is provided over the useful life of the assets. Buildings are depreciated on a straight line basis. Vehicle, office equipment and furniture are depreciated on a diminishing value basis. The rates used are those recommended by the Inland Revenue Department.

Land & Buildings	2.5% - 3.0%
Vehicle	31.2%
Office Equipment & Furniture	9.5% - 48.0%

Dividends, Pooled Funds and Interest

Dividends are recognised as income on declaration date and exclude imputation tax credits. Income from Pooled Funds is recognised on declaration date. Interest income is recognised on an accrual basis.

Grants

Grants are accounted for as they are committed to be distributed to eligible organisations as approved by the Trustees.

Expenses

Some expenses are shared jointly with the ASB Bank Community Trust. Whilst each Trust bears its own specific costs, the joint expenses are allocated between the Trusts on the basis of the number of applications processed by each.

Joint expense allocations were:	2006	2005
This Trust	50%	50%
ASB Bank Community Trust	50%	50%

Fixed Assets

Fixed Assets are valued at cost less accumulated depreciation.

Foreign Currencies

All amounts denominated in foreign currencies are converted to New Zealand dollars at balance date and all realised and unrealised gains and losses are recognised in income and expenditure for the period.

Investments

Investments are stated at market value. Any gains or losses are recognised in income and expenditure for the period.

Investment transactions are recorded by the Fund Managers on a trade date basis.

Financial Instruments

All assets and liabilities of the Trust with the exception of fixed assets are financial instruments and are recognised in the Statement of Financial Position. All financial instruments are recorded at market value which equates to fair value.

Financial Instruments (continued)

The Trust uses financial instruments with off balance sheet risk to reduce exposure to fluctuations in foreign currency exchange rates. Forward exchange contracts are entered into to hedge foreign currency transactions. These are converted to the New Zealand dollar rate at balance date with all realised and unrealised gains and losses being recognised in the income and expenditure statement.

The quantitative disclosures required by FRS 31 Disclosure of Information about Financial Instruments, have been included throughout the financial statements where material.

Reserves

Transfers to the Capital Maintenance Reserve are based on the annual movement in the Consumer Price Index.

Transfers to all other Reserves from the Unallocated Surplus are made at the discretion of the Trustees.

Taxation

The Trust has been accorded tax exempt status in New Zealand and Australia but is liable to taxation on investment income in some other overseas countries. Tax on overseas income is accounted for as a reduction of that income.

Changes in Accounting Policies

There have been no material changes in accounting policies during the period.

	2006	2005
	\$000	\$000
2. INVESTMENTS		
Managed by External Managers		
Balance as at 1 April	466,869	456,386
Movement in market value and investment income	93,433	37,513
Net withdrawals	(21,599)	(27,030)
Distributed to ASB Bank Community Trust	(538,703)	-
Balance as at 31 March	<u>Nil</u>	<u>466,869</u>
Investments managed by external managers comprise		
Cash, deposits & miscellaneous		22,580
Bonds	-	206,453
Equities	-	237,836
Portfolio total	<u>Nil</u>	<u>466,869</u>
Other Investments comprise		
Call deposits	614	997
Distributed to ASB Bank Community Trust	(614)	-
	<u>Nil</u>	<u>997</u>
3. INCOME		
Investments		
Pooled funds	24,717	5,044
Dividends	5,692	3,946
Interest	7,809	7,958
Realised gains	-	10,239
Unrealised gains	45,234	4,103
Realised foreign exchange gains/(losses)	(15,151)	10,677
Unrealised foreign exchange (losses)/gains	25,132	(4,454)
	<u>93,433</u>	<u>37,513</u>

2006 **2005**
\$000 **\$000**

4. RESERVES

Capital Maintenance Reserve

Balance as at 1 April 2005	112,694	102,666
Transfer from Retained Surplus	12,549	10,028
Distribution to ASB Bank Community Trust	(125,243)	-
Balance as at 31 March	Nil	112,694

General Reserve

Balance as at 1 April 2005	75,000	50,000
Transfer from Retained Surplus		25,000
Distribution to ASB Bank Community Trust	(75,000)	-
Balance as at 31 March	Nil	75,000

These reserves maintain the capital base of the Trust.

5. GRANTS

For this year

Committed and disbursed	10,058	9,534
Committed but not yet disbursed	12,086	11,107
Total grants approved	22,144	20,641
Grants written back	(267)	(405)
	21,877	20,236

Outstanding Grants Payable

Committed in previous years	4,336	2,426
Committed this year	12,086	11,104
Distribution to ASB Bank Community Trust	(16,422)	-
	Nil	13,530

6. FIXED ASSETS

	2006			2005		
	Cost	Accumulated Depreciation	Book Value	Cost	Accumulated Depreciation	Book Value
	\$000	\$000	\$000	\$000	\$000	\$000
Land & buildings	2,079	279	1,800	2,079	258	1,821
Vehicle				57	44	13
Office equipment & furniture	733	550	183	645	536	109
Distribution to ASB Bank Community Trust	(2,812)	(829)	(1,983)	-	-	-
	Nil	Nil	Nil	2,781	838	1,943

	2006	2005
	\$000	\$000
7. OTHER EXPENDITURE		
Audit fees	19	20
Depreciation - land & buildings	10	10
Depreciation - vehicle	-	6
Depreciation - office equipment & furniture	23	17
Legal fees	-	-
Occupancy costs	74	47
Other operating costs	248	122
Public & statutory reporting	72	79
Staff expenses	644	444
Trustees' fees	97	92
Trustees' expenses	53	44
	<u>1,240</u>	<u>881</u>

8. STATEMENT OF CASH FLOWS

The depreciation charged to the cash flow statement includes a sum of \$34,000 (2005 \$33,736) on charged to the ASB Bank Community Trust as facilities rental.

9. FINANCIAL INSTRUMENTS

Currency Risk

The Trust invests in securities that are denominated in foreign currencies and therefore result in a currency risk. In order to minimise the currency risk, foreign currency assets are hedged.

	2006	2005
	\$000	\$000
Foreign currency denominated assets	-	298,417
Less foreign currency contracts	-	205,343
Unhedged exposure	<u>Nil</u>	<u>93,074</u>

Interest Rate Risk

The Trust, through its fund managers, invests in securities that are subject to interest rate risk. The Trust actively monitors this risk and changes asset allocations and maturity profiles accordingly.

Credit Risk

The Trust in the normal course of business enters into arrangements with other parties. These arrangements give rise to credit risk for the Trust and hence policies and procedures are maintained so that this risk is minimised.

For all classes of financial assets held by the Trust the maximum credit risk exposure to the Trust is the carrying value.

Due to the diversification of the investment portfolio and the policies and procedures in place, there is no significant concentrations of credit risk. No collateral is required in respect of financial assets.

Fair Values

All financial instruments are carried at market value which equates to fair value.

2006	2005
\$000	\$000

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

Reported surplus	90,683	35,447
Add non-cash items:		
Depreciation	68	68
Loss on disposal of fixed assets	19	-
	<u>87</u>	<u>68</u>
Movements in working capital items:		
Increase in creditors	48	28
Increase in ASB Bank Community Trust	(324)	(25)
(Increase)/decrease in debtors	74	(52)
	<u>(202)</u>	<u>(49)</u>
Fund managers' income reinvested	(93,433)	(37,513)
Net cash outflow from operating activities	<u><u>(2,865)</u></u>	<u><u>(2,047)</u></u>

11. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Other than committed grants, the Trust has no other capital commitments or contingent liabilities.

12. NON CASH FLOW ITEMS

The inter-trust current account with the ASB Bank Community Trust was settled by way of set off on the distribution of the Trust's Capital Fund to the ASB Bank Community Trust

13. RELATED PARTY INFORMATION

Fixed assets are held and joint expenses are paid by this Trust. Expenses are on charged to ASB Bank Community Trust.

14. CONFLICTS OF INTEREST

During the year trustees and staff were required to declare either a direct or indirect conflict of interest in a matter being considered by the Trust. Twenty-one such interests were recorded during the year and a register is available for inspection at the Trust.



Audit report

To the Trustees of the ASB Charitable Trust

We have audited the financial statements on pages 1 to 8. The financial statements provide information about the past financial performance of the ASB Charitable Trust (the “Trust”) and its financial position as at 31 March 2006. This information is stated in accordance with the accounting policies set out on pages 4 and 5.

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 2006 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.

Our firm has also provided other services to the Trust in relation to payroll and advisory services. These matters have not impaired our independence as auditors of the Trust. The firm has no other relationship with, or interest in, the Trust.



Unqualified opinion

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

In our opinion:

- proper accounting records have been kept by the Trust as far as appears from our examination of those records;
- the financial statements on pages 1 to 8:
 - 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 2006 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 29 May 2006 and our unqualified opinion is expressed as at that date.

KPMG .

Auckland