



Consolidated Financial Statements
For the year ended 31 March 2023

Otago Community Trust

Contents

	Page
Directory	1
Statement of Service Performance	2
Consolidated Statement of Comprehensive Revenue and Expense	10
Consolidated Statement of Financial Position	11
Consolidated Statement of Changes in Trust Funds	12
Consolidated Statement of Cash Flows	13
Notes to the Consolidated Financial Statements	14

Otago Community Trust

Directory

Trustees	Andrew Kilsby (Chairperson from May 2023) Cromwell
	Alofa Lale Dunedin
	Barbara Long Dunedin
	Kevin Malcolm (Resigned October 2022) Oamaru
	Tuari Potiki (Appointed October 2022) Dunedin
	Diccon Sim (Chairperson until April 2023) Dunedin
	Michael Stevens Dunedin
	Bridget Tweed Waitahuna
	Raewyn van Gool Cromwell
	Haley van Leeuwen Dunedin
	Rebecca Williams Cromwell
	Malcolm Wong Dunedin
Chief Executive	Barbara Bridger
Registered Office	2 nd Floor Community Trust House Corner of Filleul Street & Moray Place Dunedin
Auditor	Deloitte Limited Dunedin
Solicitor	Anderson Lloyd Dunedin
Investment Advisor	Russell Investment Group Limited Auckland
Bankers	Westpac Banking Corporation Dunedin
Accountant	Findex NZ Limited Dunedin

Otago Community Trust

Statement of Service Performance for the year ended 31 March 2023

Who are we?

The Otago Community Trust is a philanthropic organisation which applies its Trust funds for charitable and other purposes which are of benefit to the Otago community. The Otago Community Trust has its origins in the Dunedin Savings Bank, established in 1864 by public spirited citizens seeking to encourage thrift within the community, and distribute surplus profits to charitable causes.

In 1988 the Government restructured the ownership of regional savings banks and gifted the ownership of the Otago Savings Bank to the community through the establishment of the Trust Bank Otago Community Trust.

The amalgamation of the regional savings banks resulted in the establishment of Trust Bank New Zealand Ltd. In the mid 1990's the Otago Community Trust as it is now known sold its shares in Trust Bank New Zealand Ltd for \$131m and invested the proceeds.

The Trust now has over \$270m invested and since inception has granted more than \$200m into the Otago Region. The Trust aims to make wise investment decisions that preserve the original capital in real terms for future generations as well as having a healthy grants budget each year.

Organisational Background, Governance, Planning and Monitoring

Otago Community Trust operates under its Trust Deed dated March 2021 and the Community Trusts Act 1999.

Board Membership

The Board of Trustees comprises up to 12 Trustees appointed by the Minister of Finance for a four-year term. Trustees are eligible to be reappointed for a further term.

Conflicts of Interests

It is recognised that Trustees will have a wide range of involvement within the community and therefore the potential for conflicts of interest will arise from time to time. Trustees are therefore required to record any interests in the Trust's Register of Interests.

Before the conduct of business, at each Board meeting, the Chair will ask for any disclosures of interests. The minutes of the meeting will record any disclosure of interest made.

The Trust has a conflict of interest policy which explains how the Trust manages Conflicts of Interest. Conflicted Trustees are not counted in the quorum and may not vote in respect of the matter they have an interest in.

Board Committees 2022-2023 Financial Year

The board has sub-committees to assist with the operation of the Trust:

CEO Appointment and Remuneration Committee

This Committee assists the Board with the discharging of its responsibilities in the employment of the CEO.

Audit, Risk and Finance Committee

This Committee considers matters related to the external Audit of the Board's Annual Report, financial reporting including public release of information, risk management & internal control environments, policy framework and content, business continuity planning, investment governance, legislative compliance, health and safety and the internal audit function.

The Committee provides advice and recommendations to the Board for its consideration.

Tamariki and Rangatahi Committee

This Committee oversees the implementation of the Board's Tamariki and Rangatahi Strategy, assists staff in this regard and makes recommendations for Board to consider.

Otago Community Trust

Statement of Service Performance for the year ended 31 March 2023

Why do we exist?

The Otago Community Trust aims to make wise investment decisions that preserve the original capital in real terms for future generations as well as having a significant grants budget each year. The Trust is a community owned charitable trust that provides grants to assist community projects that make a significant and positive contribution to Otago communities.

Otago Community Trust's context

Our Trust Deed and the requirements of the Community Trusts Act 1999 confers an ongoing responsibility on the Trust to the community it serves to distribute funding in perpetuity. The ability to fund annual grants is dependent upon the performance of the Trust's investments and the adequacy of its reserves. The Trust's strategic plan states the investment goal is to balance the interests of current and future communities and to do this the Trusts applies strategies to preserve the original capital in real terms and ensure that ongoing funding is available for granting.

We have a responsibility to support the not-for-profit communities of the wider Otago region, excluding west Otago and we do this by:

- encouraging innovation and new ways of doing things
- being a funder in perpetuity
- being responsive to community needs
- evolving our approach based on evidence, learning and community aspirations
- strong processes and policies which ensures we make robust decisions

Our Vision: Otago communities are vibrant and resilient, and protective of people, heritage and environment.

Our Drivers/Mission

To achieve our vision, we will utilise the following drivers:

- **Funding** – to empower communities to realise their potential and goals through the distribution of funds for any charitable, cultural, philanthropic, recreational or other purpose directly or indirectly beneficial to the communities principally in the Trust's specified area.
- **Asset Management** – to balance the interests of current and future generations by preserving capital and maximising granting
- **Organisational Effectiveness** – To ensure we have effective processes and resources to achieve our purpose.

Our Funding Framework

To assist us achieve our vision of Otago communities are vibrant and resilient, and protective of people, heritage and environment our funding aims to empower communities to realise their potential and goals through the distribution of funds for any charitable, cultural, philanthropic, recreational or other purpose directly or indirectly beneficial to the communities principally in the Trust's specified area. To achieve this, we fund across four new funding pillars:

- **Empowered Communities** - Communities are strong, vibrant and resilient. They collaborate and share ideas and resources. They support volunteers and volunteering initiatives.
- **Improved Health and Wellbeing** - People have access to health and welfare services and are able to participate in recreation and leisure activities.
- **Increased Access to opportunities** - All are valued for the contribution that they make. The region has a thriving economy that directly contributes to inclusive growth.
- **Thriving Children and Young People** - All children and young people in Otago are valued, accepted and empowered to lead fulfilled lives. They are healthy, happy and their wellbeing is nurtured.

Otago Community Trust

Statement of Service Performance for the year ended 31 March 2023

Our Priority Communities

Otago Community Trust has identified that some groups within the community are more likely to confront barriers to getting equitable funding. Trustees therefore may prioritise its funding to the following priority communities with the aim to address the inequities they experience:

- Children and Young people
- Māori
- Pasifika
- Former refugees
- New migrants
- Rainbow communities
- Those experiencing mental health issues
- People living with a disability, rurally or in isolation, and
- Those facing hardship

Tamariki and Rangatahi Strategy

In April 2022 the Trust launched the Tamariki and Rangatahi strategy which emphasises improved outcomes for tamariki and rangatahi as a funding priority for the Trust. The strategy sets out a vision that "All tamariki and rangatahi in Otago are valued, accepted and empowered to lead fulfilled lives. They are healthy, happy and their wellbeing is nurtured." The strategy is driven by a dedicated staff member and the Board ringfenced \$10million over five years (2022-2027) to fund initiatives that align with the strategy.

A suite of three new funds were announced alongside the Strategy:

- Impact for Tamariki and Rangatahi Fund (launched April 2022)
- Tamariki and Rangatahi Sector Capability Fund (launched July 2022)
- Rangatahi-led Fund (Due to be launched in 2023).

In addition to the above funds, applications are encouraged for projects that align with the Tamariki and Rangatahi Strategy but don't fit one of the above funds, to apply through the Trust's community response grants.

Otago Community Trust

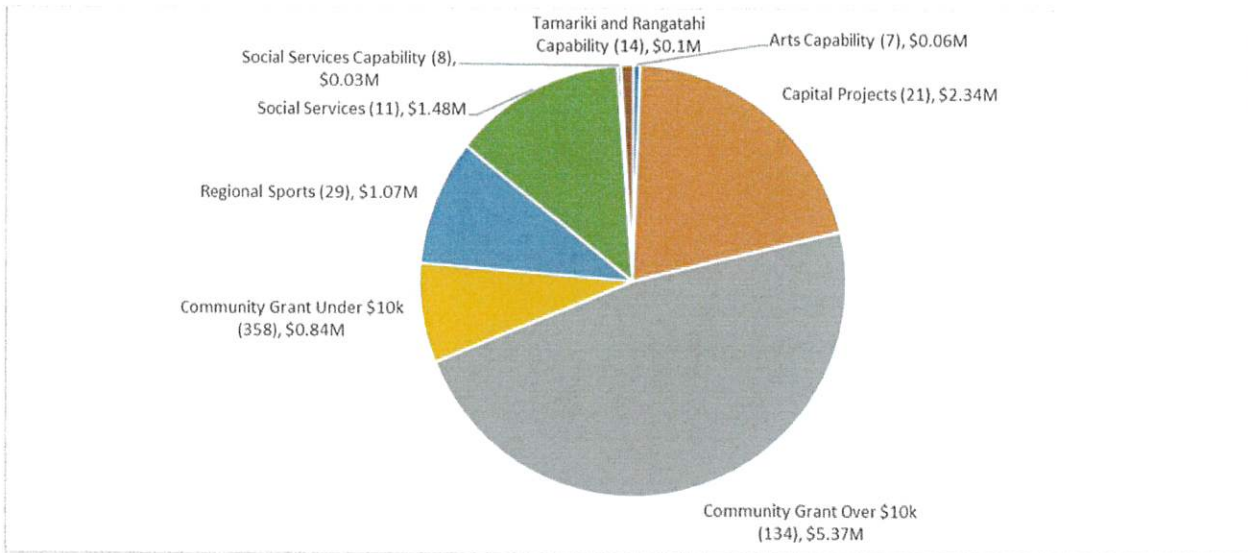
Statement of Service Performance for the year ended 31 March 2023

What did we do?

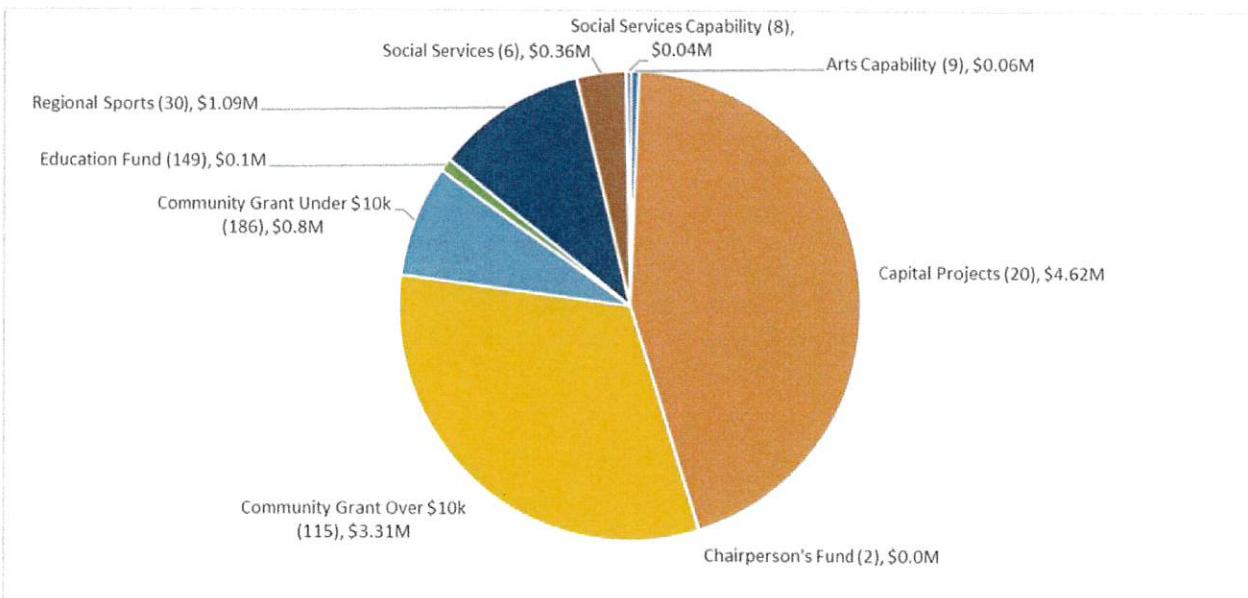
Funding

What have we funded?

2023



2022 (unaudited)



A list of all organisations funded during the year is available on the Trust's website and at the end of this report.

Total number of grants approved:

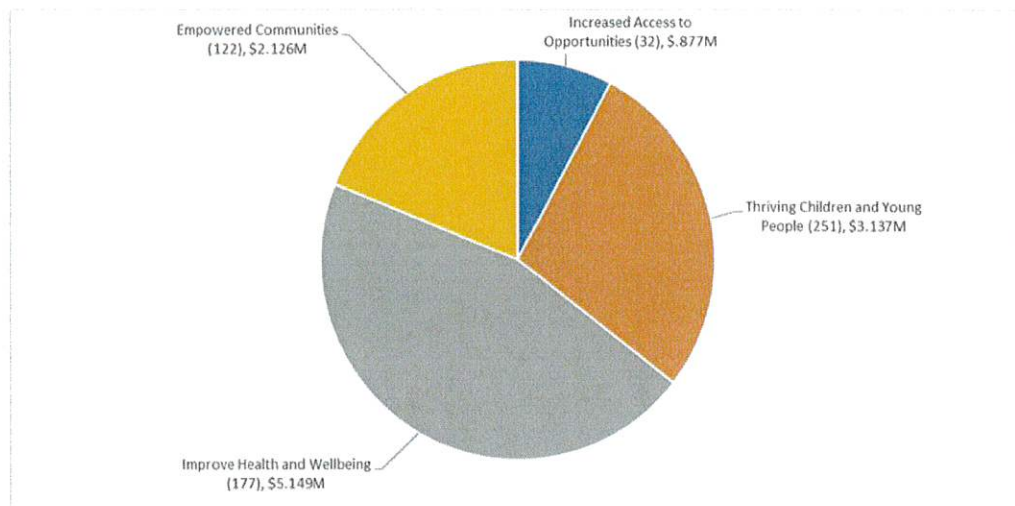
582

Otago Community Trust

Statement of Service Performance for the year ended 31 March 2023

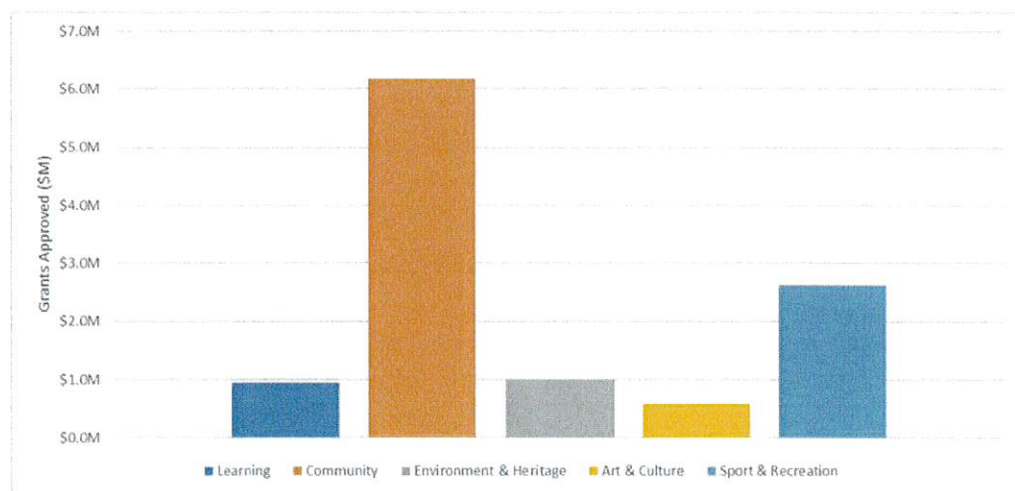
Why have we funded?

Funding was allocated to groups who aligned to our funding pillars (information not available for corresponding year):

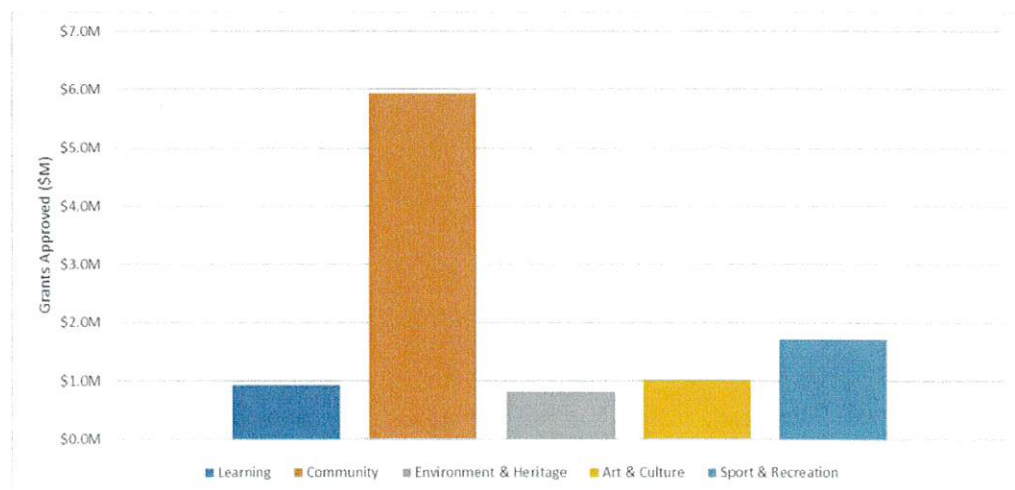


Grants by sector:

2023



2022 (unaudited)



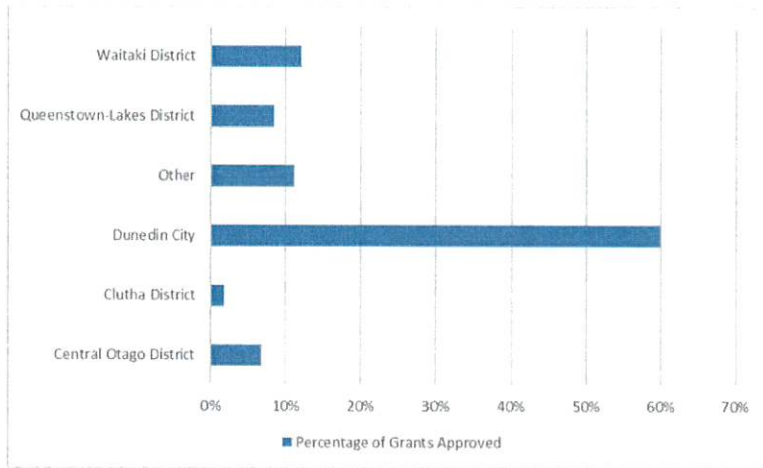
Otago Community Trust

Statement of Service Performance for the year ended 31 March 2023

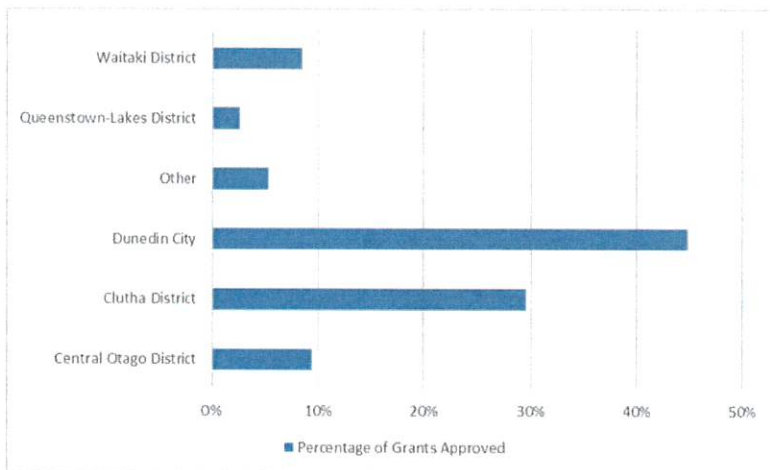
Where have we funded?

The information below shows how funding was allocated across our regions:

2023



2022 (unaudited)



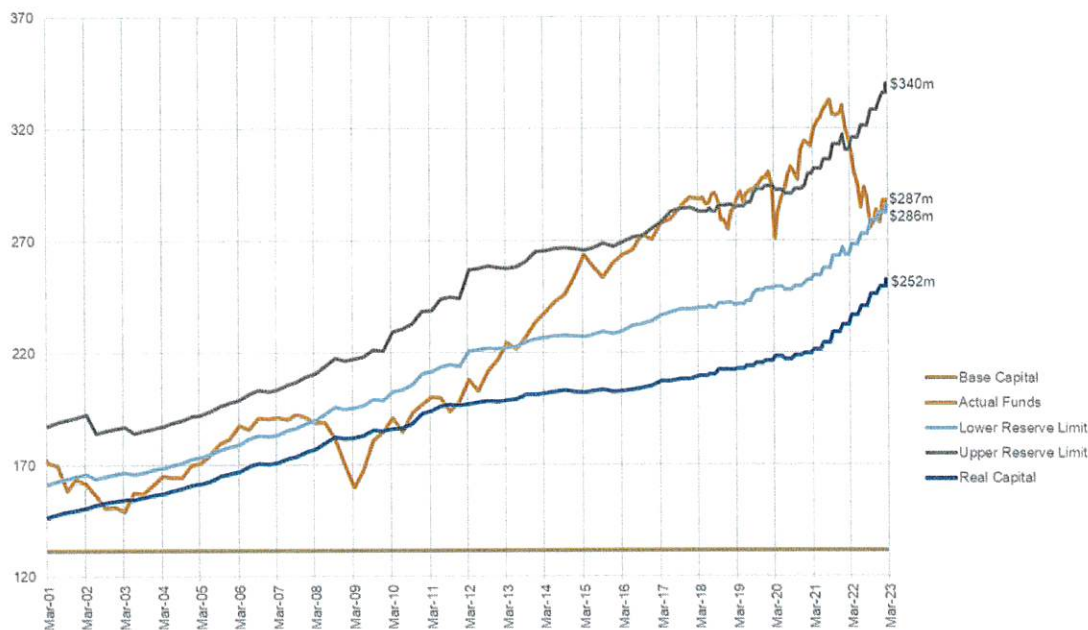
Otago Community Trust

Statement of Service Performance for the year ended 31 March 2023

Asset Management

As a long term investor we manage our investment portfolio in accordance with our Statement of Investment Policies and Objectives (SIPO). We also have an annual investment workplan in place which requires us to formally review our SIPO annually and monitor our strategic asset allocation.

Reserving graph at 31st March 2023:



Investment	31 st March 2023	31 st March 2022
Total Investment Income (Loss)	(\$11,431m)	\$700m
Investment Portfolio – real capital	\$252,336m	\$236,586m
Total Investment Portfolio	\$289,311m	\$314,753m
Environmental, Social and Governance Profile (investment into ESG certified Funds)	\$56,561m	\$62,993m

Organisational Effectiveness

The Trust strives to ensure its processes and policies are fit for purpose and that we are meeting our communities needs. We regularly connect with community groups and other stakeholders through face to face meetings and regular funding clinics.

Operations	31 st March 2023	31 st March 2022
Funding Clinics held	14	10
External Newsletters produced	5	6
Board meetings held	11	11

Building Capacity and Capability

In addition to its regular grant making the Trust also supports a number of capability projects through its capability funds. During the year we also launched the Tamariki and Rangatahi Capability fund. This new fund is targeted to organisations working in the child and youth sector and offers up to \$10,000 towards activities that strengthen these organisations, so they are better placed to support tamariki and rangatahi.

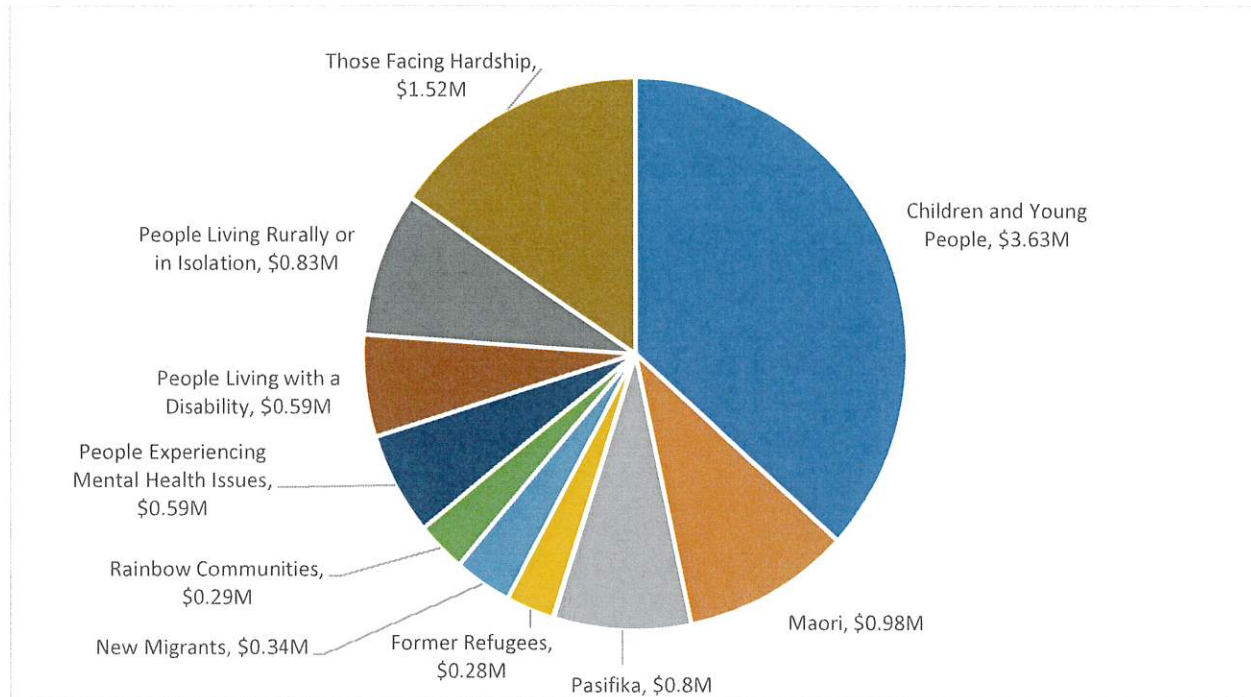
Otago Community Trust

Statement of Service Performance for the year ended 31 March 2023

How have we performed?

Funding

86% of grants were targeted towards priority communities, those most vulnerable:



Tamariki and Rangatahi Strategy Funding

Under the two new funds launched this year, a total of \$1,555,658 was granted.

This included two large multi-year grants (3 years each) under the Impact for Tamariki and Rangatahi Fund.

These grants were for \$755,660 and \$690,000 and the grant have a strong partnership focus between the Trust and the funded organisation.

The Tamariki and Rangatahi Sector Capability Fund funded 14 organisations to a total of \$104,498.

An additional discretionary grant of \$5,500 was also made to support the development of a community-wide youth wellbeing strategy for the Waitaki region.

In preparing the non-financial information presented in the Statement of Service Performance the Trustees in conjunction with management have sought to highlight several areas of importance and new initiatives which we consider to be of interest to our community. In doing so we acknowledge it is not possible to provide information on all our outcomes but have sought to provide information which we have considered relevant to reflect our overall results and significant outcomes for the year.

Otago Community Trust

Consolidated Statement of Comprehensive Revenue and Expense For the year ended 31 March 2023

	Notes	Group	
		2023 \$000	2022 \$000
REVENUE FROM EXCHANGE TRANSACTIONS			
Rental income		133	121
Gains/(losses) from investments	7	(11,431)	700
Other income		-	-
Total revenue from exchange transactions		(11,298)	821
TOTAL REVENUE		(11,298)	821
EXPENSES			
Investment fees		118	126
Other expenses	9	1,255	1,215
OPERATING SURPLUS/(DEFICIT) BEFORE TAX AND GRANTS		(12,671)	(520)
OTHER GAINS/(LOSSES)			
Gain/(loss) on sale of assets		-	-
TOTAL OTHER GAINS/(LOSSES)		-	-
Grants	8	11,082	10,089
OPERATING SURPLUS/(DEFICIT) BEFORE TAX		(23,753)	(10,609)
Income tax expense / (credit)		-	-
OPERATING SURPLUS/(DEFICIT) AFTER TAX		(23,753)	(10,609)
OTHER COMPREHENSIVE REVENUE AND EXPENSES			
<i>Movements that will be reclassified to surplus or deficit in subsequent periods:</i>		-	-
<i>Movements that will not be reclassified to surplus or deficit in subsequent periods:</i>		-	-
Total other comprehensive revenue and expense		-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR		(23,753)	(10,609)

Otago Community Trust

Consolidated Statement of Financial Position As at 31 March 2023

	Notes	Group	
		2023 \$000	2022 \$000
ASSETS			
Current			
Cash and cash equivalents	10	701	883
Receivables from exchange transactions		-	-
Receivables from non-exchange transactions	11	16	15
Prepayments		50	31
Total current assets		767	929
Non-current			
Property, plant and equipment	15	1,435	1,460
Other investments	14	289,311	314,753
Total non-current assets		290,746	316,213
TOTAL ASSETS		291,513	317,142
LIABILITIES			
Current			
Payables under exchange transactions	12	175	165
Payables under non-exchange transactions	13	5,607	8,121
Total current liabilities		5,782	8,286
Non-current			
Payables under non-exchange transactions	13	878	250
Total non-current liabilities		878	250
TOTAL LIABILITIES		6,660	8,536
NET ASSETS		284,853	308,606
TRUST FUNDS			
Trust capital		131,467	131,467
Capital Maintenance reserve		120,869	105,119
Uncommitted surplus		32,517	72,020
TOTAL TRUST FUNDS	16	284,853	308,606

These financial statements have been authorised for issue by the trustees on 25 July 2023.



Trustee R.J.M. (Diccon) Sim



Trustee H P van Leeuwen

Otago Community Trust

Consolidated Statement of Changes in Trust Funds For the year ended 31 March 2023

Group	Notes	Trust Capital	Capital Maintenance Reserve	Uncommitted Surplus	Total
		\$000	\$000	\$000	\$000
Balance 1 April 2022	16	131,467	105,119	72,020	308,606
Opening balance		131,467	105,119	72,020	308,606
Surplus/ (deficit) for the year before grants		-	-	(12,671)	(12,671)
Grants		-	-	(11,082)	(11,082)
Total comprehensive revenue and expense		-	-	(23,753)	(23,753)
Transfer to/ (from) equity reserves in the year		-	15,750	(15,750)	-
Balance 31 March 2023	16	131,467	120,869	32,517	284,853
Balance 1 April 2021		131,467	89,916	97,832	319,215
Surplus/ (deficit) for the year before grants		-	-	(520)	(520)
Grants		-	-	(10,089)	(10,089)
Total comprehensive revenue and expense		-	-	(10,609)	(10,609)
Transfer to/ (from) equity reserves in the year		-	15,203	(15,203)	-
Balance 31 March 2022		131,467	105,119	72,020	308,606

Otago Community Trust

Consolidated Statement of Cash Flows For the year ended 31 March 2023

	Notes	Group	
		2023 \$000	2022 \$000
Cash flow from operating activities			
<i>Cash was provided from/(applied to):</i>			
Interest received		10	1
Other income received from exchange transactions		132	111
Payments to suppliers, employees and trustees		(1,341)	(1,261)
Grants paid	8	(12,968)	(10,366)
Net cash from/(used in) operating activities		(14,167)	(11,515)
Cash flow from investing activities			
<i>Cash was provided from/(applied to):</i>			
Receipts from fund managers		14,000	11,500
Acquisition of investments		-	-
Acquisition of property, plant and equipment		(15)	(17)
Disposal of property, plant and equipment		-	-
Net cash from/(used in) investing activities		13,985	11,483
Cash flow from financing activities			
<i>Cash was provided from/(applied to):</i>			
Advance to other entities		-	-
Net cash from/(used in) financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(182)	(32)
Cash and cash equivalents, beginning of the year		883	915
Cash and cash equivalents at end of the year	10	701	883

Otago Community Trust

Notes to the consolidated financial statements for the year ended 31 March 2023

1 Reporting entity

These financial statements comprise the consolidated financial statements of Otago Community Trust (the "Trust") for the year ended 31 March 2023.

The Trust is a charitable trust, domiciled in New Zealand, incorporated in accordance with the provisions of the Community Trusts Act 1999.

The consolidated group comprises the Trust (the "Parent") and its wholly owned subsidiary Fillmor House Limited.

The financial statements were authorised for issue by the Trustees on the date indicated on page 3.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Tier 2 Public Benefit Entity (PBE) Financial Reporting Standards as issued by the New Zealand External Reporting Board (XRB). They comply with New Zealand equivalents to International Public Sector Accounting Standards Reduced Disclosure Regime (NZ IPSAS with RDR) and other applicable Financial Reporting Standards as appropriate to Public Benefit Entities.

The Parent and Group is eligible to report in accordance with Tier 2 PBE Accounting Standards on the basis that it does not have public accountability and annual expenditure does not exceed \$30 million.

The Parent and Group is deemed a public benefit entity for financial reporting purposes, as its 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 costs basis, except for the following:

- financial assets designated at fair value through surplus or deficit which are also 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, which is the group's functional currency.

All numbers are rounded to the nearest thousand (\$000), except when otherwise stated.

(d) Comparatives

The comparative financial period is 12 months.

The net asset position and net surplus or deficit reported in comparatives is consistent with previously authorised financial statements.

The group has implemented PBE IPSAS 41 - Financial Instruments with effect from 1 April 2022. The impact has been to presentation in the financial statements only.

Other accounting policies of the Group 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 as follows:

3 Summary of significant accounting policies

(a) Basis of consolidation

The Group financial statements consolidate the financial statements of the Parent and all entities over which the Parent is exposed, or has rights to variable benefits from its involvement with the other entity and has the ability to affect the nature or amount of those benefits through its power over the other entity (defined as "subsidiaries").

The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The subsidiary has a 31 March balance date and consistent accounting policies are applied.

The consolidation of the Parent and subsidiary involves adding together like terms of assets, liabilities, income and expenses on a line-by-line basis. All significant intra-group balances are eliminated on consolidation of Group financial position, performance and cash flows.

Otago Community Trust

Notes to the consolidated financial statements for the year ended 31 March 2023

3 Summary of significant accounting policies

(b) Foreign currency translation

Transactions in foreign currencies are translated to New Zealand dollars (the "functional currency") at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less.

(d) Receivables

Trade debtors and other receivables are measured at amortised cost using the effective interest rate method.

The group recognises loss allowances (provisions) for expected credit losses (ECLs) on financial assets measured at amortised cost. ECLs are probably-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cashflows that the Group expects to receive). No provision is recognised at 31 March 2023 (2022: nil).

(e) Creditors and other payables

Trade creditors and other payables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method.

(f) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value.

Financial assets at fair value through surplus or deficit

A financial asset is classified as at fair value through surplus or deficit if it held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through surplus or deficit if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transactions costs are recognised in surplus or deficit when incurred. Subsequent to initial recognition, financial instruments at fair value through surplus or deficit are measured at fair value, and changes therein are recognised in surplus or deficit, on gains/losses on investments.

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 and re-evaluates this designation at each reporting date.

All financial assets held by the Group in the years reported have been designated into one classification, "amortised cost", being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment.

(g) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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

Disposals

A item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits or service

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.

Depreciation

Depreciation is recognised as an expense in the reported surplus or deficit and measured on a diminishing value (D.V.) basis on all property, plant and equipment over the estimated useful life of the asset. The following depreciation rates have been

Land	0% S.L.
Buildings	3%-10% D.V.
Office furniture and equipment	10-60% D.V.

The residual value, useful life, and depreciation methods of property, plant and equipment is reassessed annually.

Otago Community Trust

Notes to the consolidated financial statements for the year ended 31 March 2023

(h) Impairment

The carrying amounts of the Group's assets are reviewed at each balance date to determine whether there is any indication of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Revenue and Expenses.

(i) Impairment of receivables

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cashflows, discounted to the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in surplus or deficit. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee entitlements

Short-term employee benefits

Employee benefits, previously earned from past services, that the Parent and Group expect to be settled within 12 months of

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

(j) Revenue

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

The Group assess 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 Group's own account is recognised as gross revenue in the Statement of Comprehensive Revenue and Expense.

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

Interest income

Interest income is recognised as it accrues, using the effective interest method.

Dividend income

Dividend income is recognised on the date that the Group's rights to receive payments are established.

Rental income

Rental income arising from rental premises is accounted for on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Otago Community Trust

Notes to the consolidated financial statements for the year ended 31 March 2023

(k) Finance income and expenses

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets (except for trade receivables), losses on the disposal of available-for-sale financial assets, and losses on hedging instruments that are recognised in profit or loss.

(l) Income tax

Otago Community Trust is exempt from income tax pursuant to section CW 52 of the Income Tax Act 2007. Fillmor House Limited is exempt from income tax pursuant to sections CW 41 & 42 of the Income Tax Act 2007 from 31 March 2017. On 31 March 2017, the subsidiary company (Fillmor House Limited) obtained charitable status. Income derived from this date forward is exempt from income tax.

(m) Goods and Services Tax (GST)

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Consolidated Statement of Financial Position.

(n) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(o) Grant expenditure

The entity makes discretionary grants. The grants are recognised as expenditure when the Trustees approve to award the applicant a grant.

(p) Statement of cash flows

For the purpose of the statement of cashflows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. The following terms are used in the consolidated statement of cash flows;

- Operating activities are the principal revenue producing activities of the Group and other activities that are not investing or financing activities;
- Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents; and
- Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowing of the entity.

(q) New standards adopted and interpretations adopted

All mandatory new or amended accounting standards and interpretations were adopted in the current year.

- PBE IPSAS 41 - Financial Instruments resulted in updated accounting policies and disclosures. No measurement change occurred.
- PBE FRS 48 - Service Performance reporting resulted in the inclusion of the statement of service performances.

Otago Community Trust

Notes to the consolidated financial statements for the year ended 31 March 2023

(r) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(s) Investments in equity and debt securities

For investments that are actively traded in organised financial markets, fair value is determined by reference to exchange quoted market bid prices at the close of business on the Balance Sheet date. Investments in pooled funds are valued at the unit exit price determined by the Fund Manager at the close of business on the Balance Sheet date.

4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements 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. Actual results may differ from these estimates.

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 and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements relate to the valuation of investments and are discussed further in note 3 above.

5 Capital Management Policy

The Parent and Group capital is its equity, being the net assets represented by retained earnings and other equity reserves. The primary objectives of the Parent and Group's capital management policy is to ensure adequate capital reserves are maintained in order to support its activities. The Parent and Group manages its capital structure and makes adjustment to it, in light of changes to funding requirements. To maintain or adjust the capital structure, budgetary discretionary expenditure is reduced to avoid the need to utilise capital reserves.

6 Subsidiaries

The consolidated financial statements of the Group include the following 100% subsidiary of the Parent:

Name of subsidiary	Principal activity	Country of incorporation	Carrying value at cost	
			2022	2021
Fillmor House Limited	Property Rental	New Zealand	500	500
Total			500	500

The subsidiary has a 31 March reporting date.

There are no significant restrictions on the ability of the subsidiaries to transfer funds to the Parent in the form of cash distributions or to repay loans or advances.

Otago Community Trust

Notes to the consolidated financial statements for the year ended 31 March 2023

7 Investment income	Group	
	2023	2022
	\$000	\$000
Interest	10	1
Investment income and unrealised gain / (loss)	(11,441)	699
Total investment income	(11,431)	700

8 Grants	Group	
	2023	2022
	\$000	\$000
Grants paid for the year	12,968	10,366
<i>Comprising:</i>		
Tax exempt grantees	12,968	10,366
Non-tax exempt grantees	-	-
	12,968	10,366
Movement in grants payable for the year	(1,886)	(277)
Total grants approved during the year	11,082	10,089

9 Other expenses	Group	
	2023	2022
	\$000	\$000
<i>The following amounts were expensed in the surplus/(deficit) for the year:</i>		
Public and statutory reporting	17	12
Audit fees	33	25
Promotion	53	44
Depreciation	40	36
Professional fees	131	202
Property costs	94	93
Salaries	544	515
Other operating costs	181	127
Trustee remuneration	152	153
Trustee expenses	10	8
Total	1,255	1,215

10 Cash and cash equivalents	Group	
	2023	2022
	\$000	\$000
Bank balances	117	132
Call account balances	584	751
Total cash and cash equivalents	701	883

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

The effective interest rate on call deposits in 2023 was 1.50% (2022: 0.10%). No term deposits were held during the current financial year.

Otago Community Trust

Notes to the consolidated financial statements for the year ended 31 March 2023

11 Receivables from non-exchange transactions	Group	
	2023	2022
	\$000	\$000
Goods and Services Tax	16	15
Total receivables from non-exchange transactions	16	15

12 Payables under exchange transactions	Group	
	2023	2022
	\$000	\$000
Current		
Trade creditors and other payables	161	142
Annual leave entitlements	14	23
Total current	175	165
Total payables under exchange transactions	175	165

Trade creditors and other payables are non-interest bearing and normally settled on 30 day terms. The carrying amount approximates fair value.

Annual leave entitlements represent the Group's obligation to current and former employees that are expected to be settled within 12 months of balance date.

13 Payables under non-exchange transactions	Group	
	2023	2022
	\$000	\$000
Grants payable - current	5,607	8,121
Grants payable - non-current	878	250
Total payables under non-exchange transactions	6,485	8,371

14 Other investments	Notes	Group	
		2023	2022
		\$000	\$000
Non-current investments			
Financial assets designated at fair value through surplus or deficit	17	289,311	314,753
Total non-current investments		289,311	314,753

Otago Community Trust

Notes to the consolidated financial statements for the year ended 31 March 2023

15 Property, plant and equipment

Movements for each class of property, plant and equipment are as follows:

	Land	Buildings	Office Equipment & Furniture	Total
	\$000	\$000	\$000	\$000
Group 2023				
Gross carrying amount				
Opening balance	805	830	161	1,796
Additions	-	-	15	15
Disposals	-	-	-	-
Closing balance	805	830	176	1,811
Accumulated depreciation and impairment				
Opening balance	-	230	106	336
Depreciation for the year	-	24	16	40
Disposals	-	-	-	-
Closing balance	-	254	122	376
Carrying amount 31 March 2023	805	576	54	1,435

	Land	Buildings	Office Equipment & Furniture	Total
	\$000	\$000	\$000	\$000
Group 2022				
Gross carrying amount				
Opening balance	805	830	146	1,781
Additions	-	-	17	17
Disposals	-	-	(2)	(2)
Closing balance	805	830	161	1,796
Accumulated depreciation and impairment				
Opening balance	-	206	95	301
Current year depreciation	-	24	12	36
Disposals	-	-	(1)	(1)
Closing balance	-	230	106	336
Carrying amount 31 March 2022	805	600	55	1,460

Otago Community Trust

Notes to the consolidated financial statements for the year ended 31 March 2023

16 Trust funds

	Trust Capital \$000	Capital Maintenance \$000	Uncommitted Surplus \$000	Total \$000
Balance at 1 April 2022	131,467	105,119	72,020	308,606
Total operating surplus/(deficit) before grants	-	-	(12,671)	(12,671)
Reserves transfers	-	15,750	(15,750)	-
Grants approved	-	-	(11,082)	(11,082)
Balance at 31 March 2023	131,467	120,869	32,517	284,853
Balance at 1 April 2021	131,467	89,916	97,832	319,215
Total operating surplus before grants	-	-	(520)	(520)
Reserves transfers	-	15,203	(15,203)	-
Grants approved	-	-	(10,089)	(10,089)
Balance at 31 March 2022	131,467	105,119	72,020	308,606

Trust Capital

Trust capital represents the realised value of its original asset, being shares in Trust Bank New Zealand.

Capital Maintenance Reserve

The Capital Maintenance Reserve represents the additional amount necessary to preserve the real value of the capital allowing for inflation as measured by the Consumers' Price Index (CPI).

Uncommitted Surplus

Uncommitted surplus represents funds not allocated to the Capital Maintenance Reserve and as such form part of the Trust Fund. Like the Capital Maintenance Reserve, balances in Uncommitted Surplus are used to provide a stable flow of grants to the community during times of adverse investment earnings.

Capital Management

The Trust's policy is to maintain a strong capital base so as to sustain future development of the Trust.

The Trust is not subject to any externally imposed capital requirements.

The Trust's policies in respect of capital management and allocation are reviewed regularly by the Trustees.

There have been no material changes in the Trust's management of capital during the period.

Otago Community Trust

Notes to the consolidated financial statements for the year ended 31 March 2023

17 Financial instruments

(a) Classification of financial instruments

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and liabilities.

Group 2023	Financial assets at fair value through surplus or deficit	Amortised Cost	Other amortised cost	Total carrying amount	Fair value
Financial assets					
Other investments	289,311	-	-	289,311	289,311
Total non-current assets	289,311	-	-	289,311	289,311
<i>Other financial assets</i>					
Receivables	-	-	-	-	-
Cash and cash equivalents	-	701	-	701	701
Total current assets	-	701	-	701	701
Total assets	289,311	701	-	290,013	290,013
Financial liabilities					
Trade and other payables	-	-	6,660	6,660	6,660
Total liabilities	-	-	6,660	6,660	6,660

Group 2022	Financial assets at fair value through surplus or deficit	Amortised Cost	Other amortised cost	Total carrying amount	Fair value
Financial assets					
Other investments	314,753	-	-	314,753	314,753
Total non-current assets	314,753	-	-	314,753	314,753
<i>Other financial assets</i>					
Receivables	-	-	-	-	-
Cash and cash equivalents	-	883	-	883	883
Total current assets	-	883	-	883	883
Total assets	314,753	883	-	315,636	315,636
Financial liabilities					
Trade and other payables	-	-	8,536	8,536	8,536
Total liabilities	-	-	8,536	8,536	8,536

Otago Community Trust

Notes to the consolidated financial statements for the year ended 31 March 2023

18 Operating leases

	Group	
	2023	2022
	\$000	\$000
<i>Non-cancellable operating leases are payable as follows:</i>		
Less than one year	1	1
Between one and five years	1	1
More than five years	-	-
Total	2	2

19 Related party transactions

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

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

Related party disclosures have not been made for transactions with related parties that are within a normal supplier relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Parent and Group would have adopted in dealing with the party at arm's length in the same circumstances.

Transactions with related parties

The following transactions were carried out with related parties:

(a) Related party balances

Several of the Trustees of the Community Trust and key management personnel have a key relationship with organisations which were recipients of grants during the year. The details are as follows:

Trustee	Recipient organisation	Grant amount	Grant amount
		2023	2022
		\$	\$
Mr Andrew Kilsby	Basketball Otago	60,000	66,500
	Sticks n Stones Inc	60,000	-
	Otago Polytechnic (not a related party in FY2023)	-	38,000
	For Trades Apprenticeship Training Trust	48,000	-
		168,000	104,500
Mrs Bridget Tweed	Clutha Parks Trust	-	300,000
		-	300,000
Mr Malcolm Wong	University of Otago - Division of Sciences	4,452	-
		4,452	-
Ms Barb Long	Māori Hill Junior Football Club (not a related party in FY2023)	-	1,500
	Trinity Catholic College (previously Kavanagh College)	3,095	13,125
	Otago Youth Wellness - Integrated Accelerator Programme	90,000	-
		93,095	14,625
Mr Mike Stevens	Aspiring Gymsports Inc (not a related party in FY2023)	-	10,000
	Aspiring Athletes Club Inc (not a related party in FY2023)	-	1,500
		-	11,500

Otago Community Trust

Notes to the consolidated financial statements for the year ended 31 March 2023

		Grant amount 2023 \$	Grant amount 2022 \$
Mr Diccon Sim	Choirs Aotearoa NZ Trust	8,000	-
	Punga Croquet Club	-	4,000
		8,000	4,000
Key Management Personnel			
Ms Barbara Bridger	Cosy Homes Trust	-	350,000
		-	350,000

(b) Trustees remuneration

Rates of Trustee remuneration are set by the Minister of Finance. Remuneration includes the honoraria and meeting fees

	Board meetings held	Board meetings attended	Remuneration
Andrew Kilsby (New Chairperson)	11	11	13,585
Alofa Lale	11	11	12,350
Barb Long	11	11	15,438
Kevin Malcolm	6	6	7,000
Diccon Sim (Previous Chairperson)	11	11	24,500
Michael Stevens	10	9	12,350
Bridget Tweed	11	10	12,350
Raewyn van Gool	11	10	13,585
Haley van Leeuwen	11	10	14,702
Rebecca Williams	11	10	13,585
Malcolm Wong	11	10	12,350
Total	115	109	151,794

(c) Key management compensation

The Group have a related party relationship with its key management personnel. Key management personnel include the Senior Management of the Trust.

Key management personnel compensation includes the following expenses:	Group	
	2023 \$000	2022 \$000
Salaries and other short-term employee benefits	191	182
Total remuneration	191	182
Number of FTEs recognised as key management personnel	1	1

20 Contingent assets and contingent liabilities

The group has no contingent assets or contingent liabilities (2022: None).

21 Commitments

The group has no capital commitments at balance date (2022: None).

22 Events after the reporting period

The group appointed a new investment consultant, Mercer NZ Limited post balance date, which is not expected to materially impact the operations of the group. No other events have occurred subsequent to year end that significantly affect the operations of the Trust (2022: Nil subsequent events).