

TSB Group Limited

Financial Statements

For the year ended 31 March 2018

TSB Group Limited
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For the year ended 31 March 2018

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**TSB Group Limited
Company Directory
For the year ended 31 March 2018**

Nature of Business	To invest and hold assets in accordance with the objectives and purposes declared by the TSB Community Trust
Business Office	21 Dawson Street New Plymouth 4310
Directors	Harvey Dunlop Te Aroha Hohaia (appointed 22 June 2017) Ainsley Luscombe (appointed 1 July 2018) Robin Brockie (appointed 1 July 2018) Guy Roper (appointed 1 July 2018) Harry Bayliss (resigned 22 June 2017) Kelly Marriner (resigned 1 July 2018) Hayden Wano (resigned 1 July 2018)
Shareholders	TSB Community Trust
Accountants	Staples Rodway Taranaki Limited New Plymouth
Auditors	KPMG Wellington
Bankers	TSB Bank Limited New Plymouth BNZ Bank Auckland
Solicitors	Buddle Findlay Wellington

**TSB Group Limited
Directors' Annual Report
For the year ended 31 March 2018**

In accordance with Section 211(3) of the Companies Act 1993, the shareholders unanimously agree not to make the disclosures set out in Section 211(1)(a) and Section 211(1)(e) to (j) in the annual report.

	2018
	\$
Profit before income tax	14,768,234
Income tax benefit	<u>1,377,407</u>
Profit for the year after income tax	16,145,641
Other comprehensive income for the year, net of tax	<u>-</u>
Total comprehensive income for the year, net of tax	<u><u>16,145,641</u></u>

The state of the Company's affairs at 31 March 2018 was:
Assets totalled

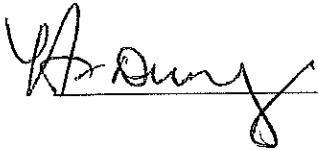
134,984,947

and were financed by:
Shareholders' Equity of
and Liabilities of

23,199,280
111,785,667
134,984,947

The nature of the Company's business has not changed during the year.

The financial statements have been approved for and on behalf of the Board of Directors on
29 August 2018 by:


_____ Director


_____ Director



Independent Auditor's Report

To the shareholder of TSB Group Limited

Report on the financial statements

Opinion

In our opinion, the accompanying financial statements of TSB Group Limited (the company) on pages 5 to 17:

- i. present fairly in all material respects the company's financial position as at 31 March 2018 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 31 March 2018;
- the statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the company in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the company.



Other information

The Directors, on behalf of the company, are responsible for the other information included in the entity's Annual Report. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Use of this independent auditor's report

This independent auditor's report is made solely to the shareholder as a body. Our audit work has been undertaken so that we might state to the shareholder those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholder as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of the Directors for the financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime);
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objective is:

- to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

This description forms part of our independent auditor's report.

KPMG
Wellington

29 August 2018

TSB Group Limited
Statement of Comprehensive Income
For the year ended 31 March 2018

	Note	2018 \$	2017 \$
Dividend income		20,000,000	10,202,500
Finance income	2	12,902	8
Finance costs	2	(4,253,259)	(3,602,432)
Other operating expenses	3	(991,409)	(456,852)
Profit before income tax		14,768,234	6,143,224
Income tax benefit	4	1,377,407	1,090,688
Profit for the year after tax		16,145,641	7,233,912
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		16,145,641	7,233,912



The accompanying notes form part of these financial statements.

TSB Group Limited
Statement of Changes in Equity
For the year ended 31 March 2018

	Share Capital (Note 10) \$	Retained Earnings (Note 11) \$	Total Equity \$
Balance at 1 April 2017	10,099,999	7,953,640	18,053,639
Profit for the year after tax	-	16,145,641	16,145,641
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	16,145,641	16,145,641
Dividends paid	-	(11,000,000)	(11,000,000)
Total transactions with owners, recognised directly in equity	-	(11,000,000)	(11,000,000)
Balance as at 31 March 2018	<u>10,099,999</u>	<u>13,099,281</u>	<u>23,199,280</u>

	Share Capital (Note 10) \$	Retained Earnings (Note 11) \$	Total Equity \$
Balance at 1 April 2016	10,099,999	13,569,727	23,669,726
Loss for the year after tax	-	7,233,912	7,233,912
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	7,233,912	7,233,912
Dividends paid	-	(12,849,999)	(12,849,999)
Total transactions with owners, recognised directly in equity	-	(12,849,999)	(12,849,999)
Balance as at 31 March 2017	<u>10,099,999</u>	<u>7,953,640</u>	<u>18,053,639</u>



The accompanying notes form part of these financial statements.

TSB Group Limited
Statement of Financial Position
As at 31 March 2018

	Note	2018 \$	2017 \$
Current Assets			
Cash and cash equivalents	5	3,307	375
Related party receivable		71,282	244,502
Dividend receivable		7,343,500	6,827,500
Prepayment		50,804	-
Deferred tax asset	4	<u>1,377,407</u>	<u>1,122,364</u>
Total Current Assets		8,846,300	8,194,741
Non-Current Assets			
Investments	6	28,000,000	28,000,000
Related party loans receivable	7	<u>98,138,647</u>	<u>68,412,086</u>
Total Non-Current Assets		126,138,647	96,412,086
Total Assets		<u>134,984,947</u>	<u>104,606,827</u>
Current Liabilities			
Trade and other payables	8	<u>406,328</u>	<u>226,521</u>
Total Current Liabilities		406,328	226,521
Non-Current Liabilities			
Borrowings	9	<u>111,379,339</u>	<u>86,326,667</u>
Total Non-Current Liabilities		111,379,339	86,326,667
Equity			
Share capital	10	10,099,999	10,099,999
Retained earnings	11	<u>13,099,281</u>	<u>7,953,640</u>
		23,199,280	18,053,639
Total Liabilities and Equity		<u>134,984,947</u>	<u>104,606,827</u>

These financial statements were authorised for issue by the Directors on 29 August 2018 by:

[Signature] Director *[Signature]* Director
29/8/2018 Date 29 August 2018 Date



The accompanying notes form part of these financial statements.

TSB Group Limited
Statement of Cash Flows
For the year ended 31 March 2018

	Note	2018 \$	2017 \$
Cash Flows from Operating Activities			
Dividend received		19,484,000	12,849,999
Interest received		12,902	8
Interest and bank fees paid		(4,238,341)	(3,602,432)
Payments to suppliers, directors and staff		(704,104)	(415,238)
Subvention received		1,122,364	989,661
Net cash flow movement from operating activities		<u>15,676,821</u>	<u>9,821,998</u>
Cash Flows from Financing Activities			
Net movement in borrowings		25,052,672	(11,793,953)
Dividends paid		(11,000,000)	(12,849,999)
Net movement in related party loans receivable		(29,728,561)	14,819,842
Net cash movement from financing activities		<u>(15,673,889)</u>	<u>(9,824,110)</u>
Net movement in cash and cash equivalents		2,932	(2,112)
Cash and cash equivalents at beginning of the period		375	2,487
Cash and cash equivalents at end of period	5	<u><u>3,307</u></u>	<u><u>375</u></u>



The accompanying notes form part of these financial statements.

TSB Group Limited
Notes to the Financial Statements
For the year ended 31 March 2018

1. Statement of Accounting Policies

Reporting Entity

TSB Group Limited is a Company domiciled in New Zealand and incorporated under the Companies Act 1993 on 26 February 2015.

The separate financial statements of TSB Group Limited have been prepared in accordance with the Financial Reporting Act 2013.

The immediate and ultimate parent company of the Company is TSB Community Trust.

Basis of Preparation

TSB Group Limited has adopted the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) - Reduced Disclosure Regime.

The financial statements are general purpose financial statements that have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards as appropriate for profit oriented entities. The Company have elected to report under NZ IFRS – Reduced Disclosure Regime of the External Reporting Board as the Company is a for-profit Tier 2 entity for financial reporting purposes on the basis that it does not have public accountability and is not a large public sector entity. The financial statements have been prepared in accordance with the requirements of the Companies Act 1993 and the Financial Reporting Act 2013.

Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements are in New Zealand dollars and have been rounded to the nearest dollar.

The financial statements provide comparative information in respect of the previous periods.

The financial statements for the year ended 31 March 2018 were authorised for issue by the Directors on 29 August 2018.

Specific Accounting Policies

In the preparation of these financial statements, the specific accounting policies are as follows:

a) Revenue

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below.

Interest revenue 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 is recognised on an accrual basis, when the right to receive a dividend has been established.

b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.



TSB Group Limited
Notes to the Financial Statements
For the year ended 31 March 2018

1. Statement of Accounting Policies (continued)

c) Taxation

The income tax expense charged to the Statement of Comprehensive Income includes both the current year's provision and the income tax effect of:

- Taxable temporary differences, except those arising from initial recognition of goodwill and other assets that are not depreciated; and
- Deductible temporary differences to the extent that it is probable that they will be utilised.

Temporary differences arising from transactions, other than business combinations, affecting neither accounting nor taxable profit are ignored.

Deferred tax is accounted for using the Statement of Financial Position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at balance date.

In accordance with NZ IAS 12 (RDR), a deferred taxation asset is recognised only to the extent that it is probable (i.e. more likely than not) that a future taxable profit will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

d) Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

e) Goods and Services Tax

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

f) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

g) Foreign Currency

Both the functional and presentation currency for the Company is New Zealand dollars. There has been no change in the functional and presentation currency of the Company.



TSB Group Limited
Notes to the Financial Statements
For the year ended 31 March 2018

1. Statement of Accounting Policies (continued)

h) Financial Instruments

Financial instruments include loans, receivables, payables and cash and cash equivalents. Financial instruments are stated in the Statement of Financial Position when the Company becomes party to a financial contract.

Loans and receivables

Receivables are initially recorded at fair value. Due allowance is made for impaired receivables (doubtful debts) which exist at balance date. The resulting carrying amount for receivables is not materially different from estimated realisable value.

Impairment of financial assets

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

Receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment of receivables could include the Company's past experience of collecting payments, or observable changes in economic conditions that correlate with default on receivables.

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Comprehensive Income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through the Statement of Comprehensive Income or other financial liabilities.

Borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

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

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

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.



TSB Group Limited
Notes to the Financial Statements
For the year ended 31 March 2018

1. Statement of Accounting Policies (continued)

i) Related Party Transactions

All related party transactions have been recorded. Refer to Note 14 for a summary of the relevant transactions for the year in accordance with NZ IAS 24 (RDR).

j) Critical Accounting Estimates, Assumptions and Judgements

In preparing these financial statements management has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgement is required in establishing the provision for income tax. Some of the Company's transactions may be liable to different interpretations of the tax law. In general, any adjustment to current taxes will be balanced by a corresponding modification to the deferred tax provision. The balance of the deferred tax asset at 31 March 2018 is \$1,377,407 (2017: \$1,122,364).

2. Finance Income and Costs

	2018 \$	2017 \$
Finance income:		
Interest income on short-term bank deposits	12,902	8
Finance Income	<u>12,902</u>	<u>8</u>
Finance costs:		
Bank fees	521,214	398,515
Borrowings	3,732,045	3,203,917
Finance Costs	<u>4,253,259</u>	<u>3,602,432</u>
Net Finance Income/(Costs)	<u>(4,240,357)</u>	<u>(3,602,424)</u>

3. Other Expenses

	2018 \$	2017 \$
Accounting fees	25,069	5,613
Audit fees	5,765	5,278
Consultancy fees	559,431	183,576
Directors expenses	203,514	167,691
Insurance	2,316	6,273
Other expenses	10,363	8,901
Staff costs	182,302	67,500
Travel and accommodation	2,649	12,020
	<u>991,409</u>	<u>456,852</u>



TSB Group Limited
Notes to the Financial Statements
For the year ended 31 March 2018

4. Taxation

	2018 \$	2017 \$
Profit/(Loss) before tax	14,768,234	6,143,224
Prima facie taxation at 28%	(4,135,106)	(1,720,103)
Permanent differences	5,512,513	2,810,791
Prior period adjustment	-	-
	<u>1,377,407</u>	<u>1,090,688</u>
<i>The taxation benefit is represented by:</i>		
Current taxation	-	-
Deferred taxation	1,377,407	1,090,688
	<u>1,377,407</u>	<u>1,090,688</u>

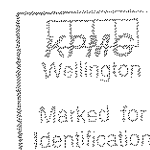
Deferred Tax (Asset)

	Tax Losses \$	Total \$
2018		
Opening balance	(1,122,364)	(1,122,364)
Prior period adjustment	-	-
Charge/(credit) to income	(1,377,407)	(1,377,407)
Charge/(credit) to other comprehensive income	-	-
Total movement	<u>(1,377,407)</u>	<u>(1,377,407)</u>
Subvention and loss offset from TSB Bank Limited	1,122,364	1,122,364
Closing balance	<u>(1,377,407)</u>	<u>(1,377,407)</u>
2017		
Opening balance	(1,021,337)	(1,021,337)
Prior period adjustment	-	-
Charge/(credit) to income	(1,090,688)	(1,090,688)
Charge/(credit) to other comprehensive income	-	-
Total movement	<u>(1,090,688)</u>	<u>(1,090,688)</u>
Subvention and loss offset from TSB Bank Limited	989,661	989,661
Closing balance	<u>(1,122,364)</u>	<u>(1,122,364)</u>

There will be subvention payments and loss offsets made between TSB Bank Limited and the Company that will utilise the tax benefits currently showing in the financial statements. Therefore, the deferred tax asset balance relating to tax losses will reverse in the next financial year.

5. Cash and Cash Equivalents

	2018 \$	2017 \$
Cash at bank	3,307	375
	<u>3,307</u>	<u>375</u>



TSB Group Limited
Notes to the Financial Statements
For the year ended 31 March 2018

6. Investments

	2018 \$	2017 \$
Shares in TSB Bank Limited	10,000,000	10,000,000
Shares in TSB Group Capital Limited	<u>18,000,000</u>	<u>18,000,000</u>
	<u>28,000,000</u>	<u>28,000,000</u>

7. Related Party Loans Receivable

	Note	2018 \$	2017 \$
Current portion			
Amounts due from TSB Group Capital Limited	14	-	-
		<u>-</u>	<u>-</u>
Non-current portion			
Amounts due from TSB Group Capital Limited	14	98,138,647	68,412,086
		<u>98,138,647</u>	<u>68,412,086</u>
Total Related Party Loans Receivable		<u>98,138,647</u>	<u>68,412,086</u>

The Company has provided a loan to TSB Capital Limited with original limit of \$95,000,000. This limit was increased to \$110,000,000 on 1 August 2017. TSB Group Capital Limited has not been charged interest on the loan during the year, however the Company is entitled to charge an amount up to the base rate for the interest period plus the margin. The loan is required to be paid in full on 31 March 2022.

8. Trade and Other Payables

	Note	2018 \$	2017 \$
Accrued expenses		129,837	108,743
Accounts payable		62,762	117,535
Amounts due to related parties	14	<u>213,729</u>	<u>243</u>
		<u>406,328</u>	<u>226,521</u>



TSB Group Limited
Notes to the Financial Statements
For the year ended 31 March 2018

9. Borrowings

		2018 \$	2017 \$
Current portion			
TSB Bank Limited		-	-
Bank of New Zealand		-	-
		<u>-</u>	<u>-</u>
Non-current portion			
TSB Bank Limited	14	71,379,339	46,326,667
Bank of New Zealand		40,000,000	40,000,000
		<u>111,379,339</u>	<u>86,326,667</u>
Total Borrowings		<u>111,379,339</u>	<u>86,326,667</u>

The Company has received a loan from Bank of New Zealand with limit of \$40,000,000. The interest rate (including the facility fee) at 31 March 2018 was 3.86% (2017: 3.45%). The loan is required to be paid in full on 31 August 2019.

The Company has also received a loan from TSB Bank Limit with limit of \$83,500,000. This limit was increased from \$78,500,000 in August 2017. The interest rate (including the facility fee) at 31 March 2018 was 4.41% (2017: 3.50%). The loan is required to be paid in full on 31 March 2022.

The Company has the following undrawn borrowing facilities:

	2018 \$	2017 \$
Expiring within one year	-	-
Expiring beyond one year	12,120,661	32,173,333
	<u>12,120,661</u>	<u>32,173,333</u>

10. Share Capital

	2018 \$	2017 \$
20,199,998 Shares authorised and fully paid	<u>10,099,999</u>	<u>10,099,999</u>

All ordinary shares have equal voting rights and share equally in dividends and surplus on winding up.

11. Retained Earnings

	2018 \$	2017 \$
Balance as at 1 April	7,953,640	13,569,727
Total comprehensive income	16,145,641	7,233,912
Dividends paid	<u>(11,000,000)</u>	<u>(12,849,999)</u>
Balance as at 31 March	<u>13,099,281</u>	<u>7,953,640</u>



TSB Group Limited
Notes to the Financial Statements
For the year ended 31 March 2018

12. Financial Instruments

	2018	2017
	\$	\$
Financial Assets		
Cash and cash equivalents	3,307	375
Loans and receivables	105,553,429	75,484,088
	<u>105,556,736</u>	<u>75,484,463</u>
Financial Liabilities		
Trade and other payables	276,461	117,778
Other financial liabilities at amortised cost	111,379,339	86,326,667
	<u>111,655,800</u>	<u>86,444,445</u>

13. Financial Risk Management

The Company's activities expose it to interest rate risk during the normal course of business.

(a) Market risk

(i) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of the Company's assets and liabilities will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk primarily through its cash balances, investments and loans. Management actively review its exposure.

14. Related Party Transactions

The Company is controlled by TSB Community Trust, which owns 100% of the Company's shares and is the ultimate parent. TSB Group Capital Limited is a wholly owned subsidiary of TSB Group Limited. TSB Group Investments Limited is a wholly owned subsidiary of TSB Group Capital Limited. TSB Group Investments Limited also has a subsidiary, Fisher Funds Management Limited.

The following transactions were carried out with related parties:

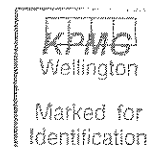
a) Expenses	2018	2017
	\$	\$
TSB Community Trust	182,302	67,500
TSB Bank Limited – Fees	281,277	175,000
TSB Bank Limited – Interest	2,523,486	1,973,770
TSB Bank Limited – Tier 2 Capital Contribution	166,675	-

TSB Community Trust recovers a portion of staff costs from its subsidiaries 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 paid through TSB Group Limited.

To minimise unnecessary duplication and complexity, TSB Group Limited is the contracting party and pays invoices from one central bank account. The expense is recorded against the incurring entity. The corresponding entry for any costs of other entities paid by TSB Group Limited is recorded as an inter-entity payable and the costs are recovered by TSB Group Limited from each entity with no interest charged. The amount on-charged during the year was \$2,828,796 (2017: \$841,207).

b) Year-end balances arising from purchases of goods/services

		2018	2017
		\$	\$
<i>Payables to related parties</i>	Note		
TSB Community Trust		182,411	243
TSB Bank Limited		8,342	-
TSB Group Investments Limited		22,976	-
	8	<u>213,729</u>	<u>243</u>



TSB Group Limited
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14. Related Party Transactions (continued)

The payables to related parties arise from on charged expenses. The payables bear no interest.

		2018	2017
		\$	\$
<i>Receivables from related parties</i>	Note		
TSB Group Capital Limited		71,281	211,877
TSB Group Investments Limited		-	32,625
TSB Bank Limited – Dividend		7,343,500	6,827,500
		<u>7,414,781</u>	<u>7,072,002</u>

c) Loans to related parties

		2018	2017
		\$	\$
<i>Receivable from TSB Group Capital Limited</i>	Note		
At 1 April		68,412,086	83,231,928
Loans advanced during the year		33,517,394	-
Loan repayments received during the year		(3,790,833)	(14,819,842)
Interest received		-	-
As at 31 March	7	<u>98,138,647</u>	<u>68,412,086</u>

<i>Payable to TSB Bank Limited</i>			
At 1 April		46,326,667	58,120,620
Net loans advanced during the year		22,247,909	-
Net loan repayments made during the year		-	(13,942,723)
Interest and fees charged		2,804,763	2,148,770
As at 31 March	9	<u>71,379,339</u>	<u>46,326,667</u>

d) Key management personnel compensation

Key management personnel includes directors (executive and non-executive). The compensation paid or payable to key management is shown below:

	2018	2017
	\$	\$
Total	<u>203,514</u>	<u>167,691</u>

15. Commitments

Capital commitments

There is no capital expenditure contracted for at the end of the reporting period but not yet incurred (2017: Nil).

16. Contingent Liabilities

There were no material contingent liabilities existing at balance date (2017: Nil).

17. Contingent Assets

There were no material contingent assets existing at balance date (2017: Nil).

18. Events after the Reporting Date

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

