Community Trust South

TE POU ARATAKI POUNAMU O MURIHIKU

Performance Report

For the year ended 31 March 2026

Community Trust South
Performance Report
For year ended 31 March 2026

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in New Zealand Dollars ($000s)

TRUST INFORMATION

Trust Entity

The financial statements represented are those for the reporting entity Community Trust South (the "Parent"), its subsidiaries and associates (together the "Group").

Community Trust South ("the Trust") is an 'in perpetuity' trust formed under the Trustee Banks Restructuring Act 1988 and was incorporated under the Charitable Trusts Act 1957, and operates under the Community Trusts Act 1999. The financial statements comply with the Financial Reporting Act 2013.

As a not-for-profit Public Benefit Entity (PBE) domiciled in Invercargill New Zealand, the Trust distributes grants to qualifying organisations in the South region, Stewart Island, Queenstown, Arrowtown and Glenorchy. Through its granting programme the Trust aspires to, achieve a thriving South by empowering communities to fulfil their aspirations, demonstrate our commitment to Te Tiriti o Waitangi principles, and to protect and grow our investment fund for the benefit of our community and future generations.

Group Structure

Community Trust South Group consists of the Trust and its controlled entities, Invest South GP Limited and Invest South Limited Partnership. Controlled entities are all those entities over which the Trust has the power to govern the financial and operating policies of other entities so as to benefit from that entity's activities.

Trustees

The Trust is governed by a Board consisting of up to ten trustees appointed by the Minister of Finance. Trustees are appointed for an initial term of up to four years and may, at the conclusion of their term, be appointed for a further term of up to four years. The Governance Charter provides the framework under which the Board and its Committees operate.

Trustees at 31 March 2026 were

Trustee	Date Appointed
Margot Hishon (Chair)	January 2025
Bridgette Smith (Deputy Chair)	January 2025
Stephen Canny	June 2019
Mel Montgomery	August 2021
Maira Pera (Manawhenua endorsed)	January 2025
Sam Grant	January 2025
Warren Skerrett	January 2025
Garry Hopcroft	January 2026
Megan Templeton	January 2026

Trustee changes during the financial year were:

Bharat Guha	January 2025 (Retired December 2025)
Leanne Samuel	August 2021 (Retired January 2026)
Leon Hartnett	August 2021 (Retired January 2026)

The Board's workload is allocated to the following Committees:

- Investment
- CEO performance review
- Audit, finance and risk management
- Te Whai Hua

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Board appointments

An internship role was introduced last year to develop emerging governance capability.

Appointee	Commenced
Emma Philpott (Internship)	January 2025

Auditor

KPMG, Christchurch

Legal Counsel

AWS Legal, Invercargill

Investment Advisor

JANA

Main Sources of Cash and Resources

The Trust's main source of funds is from returns on its diversified investment portfolio. During the last financial year the portfolio has earned an annual investment net return of 6.2% (2025: 5.5%)

Contact Details

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OUR STATEMENT OF SERVICE PERFORMANCE

For year ended 31 March 2026

OUR TRUST AND WHY WE EXIST

Governed by a Board of up to 10 Trustees who are appointed by the Minister of Finance for terms of four years, Community Trust South is the guardian of a community endowment of over $260million designed to support charitable, philanthropic, and recreational support in the Trust's rohe (region). Our rohe covers Southland, Queenstown, Glenorchy, Arrowtown, Tapanui and Heriot areas.

The principal responsibility of the Board is to invest the assets of the Trust across a diversified portfolio to sustainably deliver returns. The Trust then distributes these returns in the most impactful way through grants, community loans and individual scholarships. This granting, in conjunction with community engagement is designed to build capacity, governance skills, and leadership pathways across our communities which supports the Trust's purpose of 'empowering communities to fulfil their aspirations'. At the heart of this, is the Trust's commitment to Te Tiriti o Waitangi and community led climate action.

OUR STRATEGIC POU

Our strategic aspiration – A thriving south - Murihiku manawa tōnui – sets the strategic focus areas in the near and medium term which will enable the Trust to deliver real impact in our communities. It is these three pou that guide the Trust's actions and funding decisions.

Strong foundations | tūāpapa Torokaha
Enabling the conditions for our communities to thrive

People & places | Toitu Te Tangata Toitu te Whenua
Supporting people and places| which enhance communities so that all people can lead fulfilling lives

Sustainability & Climate | Toitutanga me te Ahuarangi
Supporting communities to connect to their environment so that it can thrive for future generations

COMMUNITY ENGAGEMENT

In 2025/26, the Trust partnered with Te Rourou One Foundation to deliver *Impact Unpacked: Telling the Story of Your Mahi*. This initiative supported community organisations to strengthen their understanding of impact, develop practical tools to identify outcomes, indicators and metrics, and build capability to combine data with storytelling to produce clear, compelling impact reports.

During 2025/26, the Trust also continued to deliver a comprehensive package aimed at strengthening community leadership across the region. This included partnering with grantees to ensure access to high-quality learning and development opportunities, such as:

- Providing free access to the Institute of Directors (IOD) Not-for-Profit Governance Course
- Offering scholarships for not-for-profit representatives to attend the Southland Chamber of Commerce Leadership Academy and other Leadership programmes
- Grant funding to Huddl, a Queenstown-based capabilitiy support provider
- Ongoing support for a Board intern who has completed her first year in the role. A midpoint evaluation to be completed in June 2026. The Trust provided funding for the Board intern to attend the Southland Corporate Governance Intern Programme

The community sector is facing increasing complexity alongside reduced funding. To thrive in this environment, organisations require more than financial support, they need strong capability. The Trust remains committed to supporting communities through these changing conditions. As traditional grant funding becomes more constrained, the Trust recognises the need to extend its role beyond funding alone. Building on the existing Grants Plus approach, the *Capability Collective* has been developed as a strategic response, designed to strengthen the foundations of community organisations through targeted capability building, practical tools, and shared learning opportunities.

OUR STATEMENT OF SERVICE PERFORMANCE

For year ended 31 March 2026

EMPOWERING COMMUNITIES

Through partnership and funding, the Trust has provided opportunities for people within our rohe (region) to attend courses that enhance, grow and foster learnings.

	2026 Number of participants	2025
IoD Governance Course Attendance	22	49
Scholarships for Leadership Academy	4	5
Impact Unpacked Workshops (4)	16	n/a
Decarbonisation Workshops	n/a	8
Climate Action Taster	n/a	17
Trust internship Position	Achieved	Inaugural position

OUR INVESTMENT PERFORMANCE

Guided by the Trust SIPO which prescibes the growth/income allocation at 76/24, our Investment Committee, supported by an Investment Advisor oversees the Trust's investments with the aim of restoring our investment portfolio value to its inflation-adjusted capital base over the long term. The negative Grants Reserve indicates the dollar value of capital restoration required, being $60.2m (2024/25: $59.5m).

For the year ended 31 March 2026, the Trust's investment portfolio generated a return of 6.2%. Over the same period, the Trust's investment objective (CPI+4%) was 7.1%. Over the past five years, the Trust has generated a return of 4.0% p.a. relative to its investment objective of 8.6% p.a.

Over the past 12 months the Trust has undergone some material changes in its strategic asset allocation, including adding a new 10% allocation to the Growth Alternatives asset class by reducing the exposure to NZ Equities, NZ Cash, NZ Bonds and Global Bonds. This was only partially funded as of 31 March 2026. Further changes were the addition of a second Unlisted Property manager in Blackstone. The changes have been made to diversify risk away from equity markets and to increase the overall risk taken by the Trust to increase the probability of it meeting its investment objective.

	2026	2025
Trust Capital	$263m (Target: $322m)	$254m (Target: $312m)
Portfolio Diversification	67.2% Growth / 32.8% income	70.4% Growth / 29.6% income
Investment Return (after fees)	6.20% (Benchmark: 7.1%)	5.50% (Benchmark: 6.5%)

GRANTING BREAKDOWN BY POU

Our strategic pou (Whakaarotau) guides our funding. For 2026, the Trustees approved granting of $5,829,842 which is allocated across the pou as follows:

20%
$1,126,977

Strong foundations
Tuāpapa Torokaha

77%
$4,508,948

People & Places
Toitū Te Tangata

3 %
$193,917

Sustainability & Climate
Toitūtanga me te Āhuarangi

OUR STATEMENT OF SERVICE PERFORMANCE

For year ended 31 March 2026

Toitū Te Whenua

GRANTING BREAKDOWN BY FUND

Trustees approved 494 (2025: 535) grants with a combined total of $5.83 million (2025: $5.76m) across the Trust's rohe.

	2026	2025
Funding approved	$5.83m (Grants budget: $6.5m)	$5.76m (Grants budget: $6.5m)
Funding Approved by Type		
General Granting (under $75,000)	$1,796,231 (30.8%)	$1,712,235 (29.7%)
Multi-year Grants (Target: ≤45%)	$2,467,537 (42.3%)	$2,508,275 (43.6%)
Special Targeted Funds	$1,512,994 (26.0%)	$1,465,658 (25.4%)
Scholarships for Individuals (Create, Sport & Leadership)	$53,080 (0.9%)	$74,168 (1.3%)
Funding by Area by Territorial Authority		
Invercargill City Council (41.7% of rohe population[2])	$2,810,874 (48.2%)	$2,770,698 (48.1%)
Southland District Council (23.8% of rohe population[2])	$1,527,817 (26.2%)	$1,520,455 (26.4%)
Gore District Council (9.5% of rohe population[2])	$648,227 (11.1%)	$646,124 (11.2%)
Queenstown Lakes District Council – Wakatipu (23.3% of rohe population[2])	$798,035 (13.7%)	$758,368(13.2%)
Clutha District Council – West Otago (1.7% of rohe population[2])	$44,889 (0.8%)	$64,691 (1.1%)

Our Te Tiriti o Waitangi Journey

Te Whai Hui, a sub-committee of the Board, assists the Trust in embedding our commitment into our culture and mahi (work). Enhancing collective understanding of Te Tiriti o Waitangi ensures we are better able to reflect our commitment in practice and throughout 2025/26 opportunities were provided for Trustees and staff to enhance their understanding and upskill in areas such as te reo and tikanga.

	2026	2025
Manawhenua Endorsed Trustee	Achieved	Partially Achieved[1]
Trustees who Whakapapa Māori	2 of 10	1 of 7 (from 1 Apr 2024 to 19 Jan 2025) 2 of 10 (from 20 Jan 2025 to 31 Mar 2025)
Kaupapa Māori Organisations Supported	14	16
Proportion of Funding Benefiting Māori (self-reported by applicant)	11% of total grant funding (Comparison to 14% CTS rohe Māori population[2])	7% of total grant funding (Comparison to 14% CTS rohe Māori population[2])

1. Manawhenua Endorsed Trustee resigned 13 February 2024, replacement was appointed 11 months later on 20 January 2025

2. Based on Statistics NZ population estimates

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STATEMENTS OF COMPREHENSIVE REVENUE AND EXPENSE
For the year ended 31 March 2026

		Group		Parent	
	Note	2026	2025	2026	2025
Revenue					
Revenue from investments	3	19,184	15,030	18,905	14,614
Other income		92	689	107	704
Share of profit from associates	8	-	244	-	-
Gains/(losses) from change in fair value of other investments	9	(316)	1,735	-	-
Total Revenue		18,960	17,699	19,012	15,318
Operating Expenses					
Investing activity expenses	4	2,776	2,340	2,083	1,607
Trust operating expenses	4	1,369	1,622	1,369	1,622
Grants committed to community groups	5	5,705	4,703	5,705	4,703
Discount on concessionary loans	7	(232)	412	(232)	412
Impairment of associates	8	350	585	-	-
Total Expenses		9,968	9,662	8,925	8,344
Net Surplus/(Deficit) before taxation		8,992	8,037	10,087	6,974
Other Comprehensive Income					
Property revaluation		-	102	-	102
Total Comprehensive Income/(Deficit) for the year		8,992	8,139	10,087	7,076
Total Comprehensive Income/(Deficit) is attributed to:					
Owners of the parent		8,992	8,139	10,087	7,076
		8,992	8,139	10,087	7,076

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in New Zealand Dollars ($000s)

STATEMENTS OF CHANGES IN NET ASSETS/ EQUITY

For the year ended 31 March 2026

Group	Trust Capital	Capital Maintenance Reserve	Grants Maintenance Reserve	Asset Revaluation Reserve	Accumulated Revenue and Expense	Total
Opening balance at 1 April 2024	158,460	146,264	(59,939)	805	-	245,590
Total comprehensive revenue and expense	-	-	-	-	8,139	8,139
Transactions with owners						
Transfer to/(from) reserves	-	7,618	419	102	(8,139)	-
Closing balance at 31 March 2025	158,460	153,882	(59,520)	907	-	253,729
Total comprehensive revenue and expense	-	-	-	-	8,992	8,992
Transactions with owners						
Transfer to/(from) reserves	-	9,683	(691)	-	(8,992)	-
Closing balance at 31 March 2026	158,460	163,565	(60,211)	907	-	262,721

Parent	Trust Capital	Capital Maintenance Reserve	Grants Maintenance Reserve	Asset Revaluation Reserve	Accumulated Revenue and Expense	Total
Opening balance at 1 April 2024	158,460	146,264	(70,430)	805	-	235,099
Total comprehensive revenue and expense	-	-	-	-	7,076	7,076
Transactions with owners						
Transfer to/(from) reserves	-	7,618	(644)	102	(7,076)	-
Closing balance at 31 March 2025	158,460	153,882	(71,074)	907	-	242,175
Total comprehensive revenue and expense	-	-	-	-	10,087	10,087
Transactions with owners						
Transfer to/(from) reserves	-	9,683	404	-	(10,087)	-
Closing balance at 31 March 2026	158,460	163,565	(70,670)	907	-	252,262

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STATEMENTS OF FINANCIAL POSITION
As at 31 March 2026

	Note	Group 2026	Group 2025	Parent 2026	Parent 2025
Current Assets					
Cash and cash equivalents		715	1,223	200	324
Accounts receivable	6	15	12	2	7
Other current assets		128	125	128	125
Loan receivables	7	474	522	474	497
Total Current Assets		1,332	1,882	804	953
Non-Current Assets					
Investment in associates	8	-	2,550	-	-
Investment in equities (unlisted)	9	19,994	21,137	-	-
Investment in managed funds	11	222,924	212,240	222,924	212,240
Loan receivables	7	23,470	23,893	23,102	23,113
Property, plant and equipment	13	1,452	1,481	1,444	1,472
Related party advances	17	-	-	10,270	13,670
Total Non-Current Assets		267,840	261,301	257,740	250,495
Total Assets		269,172	263,183	258,544	251,448
Current Liabilities					
Accounts payable (exchange transactions)		110	182	28	68
Other current liabilities		204	183	118	116
Grant obligations	14	4,027	6,983	4,027	6,983
Total Current Liabilities		4,341	7,348	4,173	7,167
Non-Current Liabilities					
Grant obligations	14	2,110	2,106	2,110	2,106
Total Non-Current Liabilities		2,110	2,106	2,110	2,106
Total Liabilities		6,451	9,454	6,283	9,273
Net Assets		262,721	253,729	252,261	242,175
Trust Equity	15				
Trust capital		158,460	158,460	158,460	158,460
Reserves		104,261	95,269	93,802	83,715
Total Trust Equity		262,721	253,729	252,262	242,175

Board Chair
19 August 2026

Trustee
19 August 2026

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STATEMENTS OF CASHFLOWS
For the year ended 31 March 2026

	Group		Parent	
	2026	2025	2026	2025
Cash Flows from Operating Activities				
Receipts from:				
Receipts from customers	-	-	15	15
Interest and dividends	1,218	2,635	941	2,251
Foreign exchange	2,847	36	2,847	36
Grants/scholarships repaid	2	1	2	1
Other income	18	223	18	223
Total cash inflows from operating activities	4,085	2,895	3,823	2,526
Payments to:				
Suppliers, trustees and staff	1,694	2,991	1,228	2,441
Other expenses	666	805	425	689
Foreign exchange	2,173	2,693	2,173	2,693
Grants to community organisations	8,658	6,155	8,658	6,155
Total cash outflows from operating activities	13,191	12,644	12,484	11,978
Net cash (outflow) from operating activities	(9,106)	(9,749)	(8,661)	(9,452)
Cash Flows from Investment Activities				
Receipts from:				
Investment in managed funds	33,035	159,222	33,035	159,222
Investment in unlisted equities	852	2,828	-	-
Investment in associates	2,200	-	-	-
Loan receivable repayments	675	836	263	162
Associated party advance	-	-	4,400	2,000
Property, plant and equipment	-	-	-	1
Total cash inflow from investing activities	36,762	162,886	37,698	161,385
Payments to:				
Investment in unlisted equities	-	1,250	-	-
Investment in managed funds	28,150	148,475	28,150	148,475
Loan receivable advances	-	2,865	-	2,865
Associated party advance	-	-	1,000	600
Property, plant and equipment	14	20	11	19
Total cash outflow from investing activities	28,164	152,610	29,161	151,959
Net cash (outflow) from investing activities	8,598	10,276	8,537	9,426
Net Increase / (Decrease) in Cash held	(508)	527	(124)	(26)
Add cash at beginning of year	1,223	696	324	350
Total Cash Balance at End of Year	715	1,223	200	324
Represented by				
Cash and cash equivalents	715	1,223	200	324
Total Cash Balance	715	1,223	200	324

STATEMENT OF ACCOUNTING POLICIES AND EXPLANATORY NOTES

1. Reporting entity

The financial statements represented are those for the reporting entity Community Trust South (the "Parent'), its subsidiaries and associates (together the "Group").

Community Trust South ("the Trust") is an 'in perpetuity' trust formed under the Trustee Banks Restructuring Act 1988 and was incorporated under the Charitable Trusts Act 1957, and operates under the Community Trusts Act 1999. The financial statements comply with the Financial Reporting Act 2013.

These financial statements have been approved for issue by the Trustees on 19 August 2026.

2. Statement of Accounting Policies

Statement of Compliance

The financial statements of the group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). The Parent and Group are considered public benefit entities for financial reporting purposes.

The financial statements comply with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") as appropriate for Tier 2 not-for-profit public benefit entities as its primary objective is for community benefit.

The group qualifies and has elected to prepare financial statements as a Tier 2 reporting entity as total expenditure is less than $33 million, and the group is not considered publicly accountable as defined by XRB A1.

(a) Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(i) Historical cost convention
The financial statements have been prepared on the basis of historical cost as modified by the revaluation of certain assets as identified in specific accounting policies below.

(ii) Presentation and functional currency
These financial statements are presented in New Zealand dollars, which is the Parent and Group's functional and presentation currency. All figures are rounded to the nearest thousand dollars.

(iii) Going concern assumption
These financial statements have been prepared on a going concern basis.

(iv) Accounting policies
Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

(v) Estimates & Judgements
The preparation of financial statements requires management to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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 investment and are discussed further in note 11.

(b) Principles of consolidation

The Group financial statements incorporate the financial statements of the Trust and all entities controlled by the Trust (its subsidiaries) that comprise the Group, being Community Trust South (the parent entity) and its controlled entities, Invest South GP Limited and Invest South Limited Partnership.

Controlled entities are all those entities over which the Group has the power to govern the financial and operating policies of other entities so as to benefit from that entity's activities. The financial statements of the contolled entities are consolidated from the date on which control commences until the date on which control ceases.

The consolidation of the Parent and subsidiaries 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.

in New Zealand Dollars ($000s)

2. Statement of Accounting Policies (continued)

(i) Associates
Associates are all entities over which the Group has significant influence but not control, generally evidenced by a holding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's share of its associates' post-acquisition profits or losses is recognised in the surplus or deficit for the year, and its share of post-acquisition movements in reserves is recognised in other comprehensive revenue and expense.

(c) Income tax

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

The Group's current year income tax for the period is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

(d) Revenue from investments

Revenue from investments includes interest, dividends, realised and unrealised gains and losses related to investments classified as fair value through revenue and expense.

(ii) Interest income
Interest income is recognised using the effective interest method.

(iii) Dividend income
Dividend income is recognised when the right to receive payment is established.

(e) Goods and Services Tax (GST)

The statements of comprehensive revenue and expense have been prepared so that all components are stated exclusive of GST. All items in the statements of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

(f) Impairment of non financial assets

All non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Cash-generating assets are assets held with the primary objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

For cash generating assets, value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the assets.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach - depending on the nature of the asset and impairment, and the availability of information.

(g) Property, plant & equipment

All plant and equipment are stated at cost less depreciation and impairment. The cost of purchased assets includes the original purchase consideration given to acquire the assets, and the value of other directly attributable costs that have been incurred in bringing the assets to the location and condition necessary for their intended service.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance are charged to the Statements of Comprehensive Revenue and Expenses during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost of assets, other than freehold land, over their estimated useful lives, using the straight-line or diminishing value method. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The following rates have been used:

Buildings	1.5-12.5%	Straight line
Plant & equipment	8-80%	Straight line
Leasehold alterations	3-40%	Straight line
Office equipment	8-67%	Straight line
Motor Vehicles	13.5%	Straight line

2. Statement of Accounting Policies (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the surplus or deficit for the year.

Land and buildings are measured at fair value and were revalued at 31 March 2025. Fair value is determined on the basis of an independent valuation prepared by external valuation experts, based on a discounted cash flows or capitalisation of net income approach. The fair values are recognised in the financial statements of the Trust and are reviewed at the end of each reporting period to ensure the carrying value of land and buildings is not materially different from their fair values.

Any revaluation increase arising on the revaluation of land and buildings is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in surplus or deficit, in which case the increase is credited to the surplus or deficit to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of land and buildings is charged as an expense in the surplus or deficit to the extent it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of the asset.

Depreciation on revalued buildings is charged to surplus or deficit. On the subsequent sale of the revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

(h) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, bank overdrafts, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less.

The Trust has a Business MasterCard, this has a $10,000 limit.

(j) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

(k) Employee entitlement

Liabilities for wages and salaries (including non-monetary benefits and annual leave) to be settled within 12 months of the reporting date are recognised in employee entitlements in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(l) Investments in subsidiaries and associates

Investment in subsidiaries and associates in the parent financial statements are stated at cost less any impairment losses.

(m) Trade and other payables

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

(n) Statements of cash flows

The Statements of Cash Flows are prepared exclusive of goods and services tax (GST), which is consistent with the method used in the statements of comprehensive income.

'Operating activities' represents all transactions and other events that are not investing or financing activities.

'Investing activities' are those activities relating to the acquisition and disposal of property, plant & equipment and investments.

(o) Financial assets and liabilities

(i) Investments
Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are recognised at fair value through surplus or deficit.

KPMG
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2. Statement of Accounting Policies (continued)

(ii) Financial assets at fair value through surplus or deficit
The Group classifies its managed funds and investments in listed and unlisted equities as financial assets at fair value through surplus or deficit. These financial assets are designated by management at fair value through surplus or deficit at inception.

Financial assets designated at fair value through surplus or deficit at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Trust's documented investment strategy and for which information is provided internally to key management personnel on that basis.

After initial recognition investments are managed at their fair value through surplus or deficit. Revaluations are undertaken at each reporting date based on the methodologies outlined in PBE IPSAS 41 Financial Instruments. All realised and unrealised gains and losses are recognised in the Consolidated Statement of Comprehensive Revenue and Expense. Associated transaction costs are recognised in revenue or expense as incurred.

Investments are derecognised when the rights to receive cash flows from the managed funds have expired or the Group has transferred substantially all risks and rewards of ownership.

(iii) Loans and receivables
Accounts receivable, advances to third parties, short term deposits and trust advances are carried at amortised cost using the effective interest method less impairment.

Concessionary loans issued are loans issued to third parties at rates and/or terms below market. Any difference between fair value and transaction price of the concessionary loan at initial recognition is recognised as a finance cost in surplus or deficit.

(iv) Impairment of financial assets
Financial assets, other than those at fair value through surplus or deficit, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For 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 original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in surplus or deficit.

3. Revenue from Investments

	Group		Parent	
	2026	2025	2026	2025
Cash and cash equivalents	-	-	-	-
Interest on managed funds	2,391	2,771	2,376	2,743
Dividends	350	1,349	86	961
Unrealised gains / (losses) from change in fair value of managed funds	5,462	6,600	5,462	6,600
Realised gains/(losses) from change in fair value of management funds	1,781	6,456	1,781	6,456
Unrealised (losses)/gains from foreign exchange	8,123	(90)	8,123	(90)
Realised (losses)/gains from foreign exchange	1,077	(2,056)	1,077	(2,056)
	19,184	15,030	18,905	14,614

4. Investing Activity and Trust Expenses

The breakdown of expenses into investing activity costs and Trust operating costs is as follows:

		Group			
	Note	Investing Activity Expenses		Trust Operating Expenses	
		2026	2025	2026	2025
Trustee fees	16	-	-	175	142
Director fees		162	144	-	-
Employee entitlements		322	353	739	709
Fund manager fees		2,083	1,607	-	-
Depreciation/Amortisation		3	5	39	33
Audit of financial statements - KPMG		57	55	48	49
Legal expenses		13	-	19	31
Administration expenses		136	176	349	658
		2,776	2,340	1,369	1,622

in New Zealand Dollars ($000s)

4. Investing Activity and Trust Expenses continued

	Note	Parent			
		Investing Activity Expenses		Trust Operating Expenses	
		2026	2025	2026	2025
Trustee fees	16	-	-	175	142
Employee entitlements		-	-	739	709
Fund manager fees		2,083	1,607	-	-
Depreciation/Amortisation		-	-	39	33
Audit of financial statements - KPMG		-	-	48	49
Legal expenses		-	-	19	31
Administration expenses		-	-	349	658
		2,083	1,607	1,369	1,622

5. Grants

Grants to eligible organisations are recognised as an expense in the Statement of Comprehensive Revenue and Expense when they are approved by the Trustees of the Group. Payments to grant recipients are made on the satisfaction of specified funding conditions. Grants covering multiple years are recognised as a commitment in principal for future years.

	Group		Parent	
	2026	2025	2026	2025
Grants approved in current year	5,830	5,760	5,830	5,760
Grants withdrawn for current year	(90)	(28)	(90)	(28)
Grant withdrawn for prior years	(105)	(693)	(105)	(693)
Grants repaid	(1)	(1)	(1)	(1)
Grants approved in principal relating to future years	71	(335)	71	(335)
	5,705	4,703	5,705	4,703

The names of the organisations to whom grants have been approved by the Trustees of the Group under section 13 of The Community Trust Act 1999 during the financial year are shown in Note 21 and on the website: www.communitytrustsouth.nz

6. Accounts Receivable

Trade receivables	15	12	2	7
	15	12	2	7

7. Loan Receivables

Loans	24,317	25,021	23,949	24,216
Discount provision	(373)	(606)	(373)	(606)
	23,944	24,415	23,576	23,610
Loans to unlisted equity entities/associates	368	805	-	-
Concessionary loans to community groups	3,311	3,345	3,311	3,345
Impact Investment Loan	20,265	20,265	20,265	20,265
	23,944	24,415	23,576	23,610
Current portion	474	522	474	497
Non-current portion	23,470	23,893	23,102	23,113
	23,944	24,415	23,576	23,610

Loan receivables to entities where the Group are also a shareholder are interest free. One of these is repayable upon 12 month notice period, the other loan is repayable at the discretion of the company.

Face value of concessionary loans to Community Groups	3,684	3,951	3,684	3,951
Discount Provision	(373)	(606)	(373)	(606)
Total concessionary loans	3,311	3,345	3,311	3,345
Opening balance	3,345	1,042	3,345	1,042
Amounts advanced	-	2,865	-	2,865
Amounts repaid	(402)	(254)	(402)	(254)
Interest charged	136	104	136	104
Unwinding of discount recognised in (deficit)/surplus	232	(412)	232	(412)
Closing balance	3,311	3,345	3,311	3,345

Generally concessionary loans to not-for-profit organisations are at below market interest rates and may be interest free, secured where possible by a first ranking mortgage over real property. To comply with PBE Standards, the relevant market interest rate is used to discount all contractual cash flows of principal and interest payments back to present value. Concessionary loans have been discounted to present value at the assessed market rate of 5.89% (2025: 6.74%). This has resulted in $232,303 being recorded as income this year (2025: Expense of $411,940). The discount is unwound when loans are repaid and this is reflected in the Statement of Comprehensive Revenue and Expenses.

in New Zealand Dollars ($000s)

7. Loan Receivables continued

	Group		Parent	
Impact Investment Loan	2026	2025	2026	2025
Invercargill Central Ltd (ICL)	20,265	20,265	20,265	20,265
	20,265	20,265	20,265	20,265

Impact investments are investments made with the intent to generate a measurable positive social or environment impact alongside an investment return and on the basis that the value of the expected social or environment impact exceeds the value of any lost investment return. The ICL investment is for a 15 year term, with an interest rate of 4%pa on the orginal $20,000,000 investment. The investment is recorded at cost plus accrued interest to date less any assessed impairment.

8. Investment in Associates

Associates	Percentage Held 2026	Percentage Held 2025	Balance Date	Principal Activity	Consolidated Carrying Amount 2026	Consolidated Carrying Amount 2025
New Zealand Beeswax Limited	0.0%	39.2%	31 March	Beeswax processing and manufacturing	-	2,550
The entity is incorporated in New Zealand.						

	Group		Parent	
Movements in carrying amounts	2026	2025	2026	2025
Balance at 1 April	2,550	2,891	-	-
Share of associate earnings	-	244	-	-
Impairment on equity investment	(350)	(585)	-	-
Realised investment	(2,200)	-	-	-
Balance at 31 March	-	2,550	-	-

During the year, the company sold its investment in New Zealand Beeswax Limited and realised an impairment loss of $349,998. The impairment loss was recognised in the Statement of Comprehensive Revenue and Expense under "Operating Expenses".

9. Investment in Equities (unlisted)

	Group 2026	Group 2025	Parent 2026	Parent 2025
Investment in Equities (unlisted)	19,994	21,137	-	-
	19,994	21,137	-	-
Investments in unlisted equities are shown at fair value				
Gain/(losses) from change in fair value of investments				
Investments in Unlisted equities	(316)	1,735	-	-
	(316)	1,735	-	-

10. Investment in Subsidiaries

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy described in note 2(b):

Subsidiaries are incorporated in New Zealand.

Subsidiaries	Percentage Held 2026	Percentage Held 2025	Balance Date	Principal Activity
Invest South GP Limited	100%	100%	31 March	Investment management services
Invest South Limited Partnership	100%	100%	31 March	Private equity investment

11. Investment in Managed Funds

The portfolio is invested in pooled funds managed by 17 investment managers (2025: 16) recommended by the Trust's Investment Advisor, Jana, and approved by the Investment Committee and Board of Trustees. Investments are held and priced by the investment managers. The Trust is not involved with the analysis , sale or purchase of individual asset securities. Each asset grouping and the portfolio as a whole is measured against an appropriate internationally accepted standard benchmark or index.

Exposure to currency, interest rate and credit risk arises in the normal course of the investment managers' management of the managed funds. A range of hedging policies are in place whereby the investment managers use derivative financial instruments as a means of managing exposure to fluctuations in foreign exchange rates and interest rates. While these financial instruments are subject to the risk of market rates changing subsequent to acquisition, such changes would generally be offset by opposite effects and the items being hedged.

in New Zealand Dollars ($000s)

11. Investment in Managed Funds continued

Asset Category	Parent 2026	Parent 2025
Australasian equities	23,604	30,497
Growth Alternatives	5,829	-
Foreign exchange contracts	(2,166)	(317)
Infrastructure - NZ and Overseas	20,752	21,609
NZ cash	17,340	8,815
NZ fixed interest	19,849	19,042
Overseas equities	80,778	81,279
Overseas fixed interest	10,432	10,744
Overseas property	12,045	9,711
Private Credit	18,707	17,453
Private Equity	15,754	13,407
	222,924	212,240

Fair Value Measurement

The following table details the basis for the valuation of financial assets measured at fair value. This includes those financial assets that are fair valued through the surplus or deficit. Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair Value may be determined using different methods depending on the type of asset.

Asset category	Basis of fair value measurement
Australasian equities	Based on quoted market prices at the balance sheet date
Overseas equities	Based on quoted market prices at the balance sheet date
Infrastructure	Based on quoted market prices at the balance sheet date
Overseas property	Based on quoted market prices at the balance sheet date
Growth Alternatives	Based on quoted market prices at the balance sheet date
NZ fixed interest/ NZ Cash Foreign exchange contracts Overseas fixed interest Private Credit	Based on quoted market prices at the balance sheet date where such quoted market prices are available, and otherwise based on valuation techniques that maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates
Australasian private equities	The fair value is based on net asset value of the private equity partnership, determined using valuation techniques such as market multiples, discounted cashflows and precedent transactions using observable inputs where available.

12. Financial Instruments

Financial Risk Management

The Group's activities expose it to a variety of financial risks including market risk (including fair value interest rate risk, cash flow interest rate risk, currency risk, and equity price risk), credit risk and liquidity risk.

The Group has policies to manage the risks associated with financial instruments. The Group is risk averse and seeks to minimise exposure from its treasury activities. The Group has established investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market Risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices. There has been no change to the Group's exposure to market risks or in the manner it manages and measures the risk.

The investment valuations are based on the prevailing economic, market and other conditions as at 31 March 2026. Such conditions can change significantly over relatively short periods of time. The situation is continuing to evolve, and many uncertainties remain as to the effect that it will have on the Group and the broader domestic and global economies.

The measures the Trustees have put in place to manage these risks are:

- to retain an investment advisor to advise the Trust as to appropriate investment objectives, policies, and strategies;
- to use external fund managers to undertake the management of the investments; and
- to operate a widely diversified portfolio of investments.

in New Zealand Dollars ($000s)

12. **Financial Instruments continued**

(i) *Interest Rate Risk*
Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to fair value interest rate risk is limited to its fixed rate cash at bank and fixed rate cash and fixed interest deposits with fund managers.
(ii) *Currency Risk*
Currency risk is the risk that the value of a foreign currency denominated financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to foreign currency risk both directly through investments denominated in a foreign currency, and also indirectly where fund managers invest in foreign currency securities.
(iv) Equity Price Risk
The Group is exposed to equity price risk. This arises from managed funds held by the Trust and classified as financial assets at fair value through surplus or deficit.

Credit Risk Management
Credit risk is the risk that a third party will default on its obligation to the Group, causing the Group to incur a loss.

The Group manages credit risk through a diversified and non-correlated basket of investments across traditional and alternative asset classes. The Group further limits risk through its policy of placing managed funds with eleven separate fund managers, with each fund manager having an investment mandate which requires that they diversify their instruments on the Group's behalf. The Group has sought and obtained the advice of professional investment advisors prior to making its investment allocations and placement decisions.

Liquidity Risk Management
Liquidity risk is the risk that the Group will encounter difficulty raising liquid funds to meet commitments as they fall due.

In meeting its liquidity requirements, the Group maintains a target level of investments that collectively provide liquidity equivalent to an average level of two years' grant distributions allowing for expected interest income.

Capital Risk Management
The Group's objective when managing Group capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for the community. The capital structure of the Group consists of Group capital and reserves. The Trustees review the Trust funds and risks associated with the Trust funds, with advice and guidance from the Trust's investment advisor.

Following the sale of the Trust's shares in Trust Bank New Zealand Limited in April 1996 for $158,460,000, the Trustees agreed that the value of the Trust at that time should be maintained for the benefit of current and future generations living in the region. For this purpose the Trustees agreed that $158,460,000 would be considered as the "Trust Capital" value of the Trust. Trustees further agreed that over the long term the net assets of the Trust would not be allowed to reduce to a level below the inflation-adjusted real value of this Trust Capital.

Recognising that actual returns are likely to fluctuate from year to year, the Trust aims to build a reserve above the inflation-adjusted Trust capital so that in years when investment returns are less than the target, sufficient funds are available to meet expenditure and make distributions. The Trust has a negative reserve which indicates that expenditure and grant distributions have been funded from the inflation-adjusted capital base. The Trust fund has fallen below the value that needs to be maintained for the benefit of current and future generations, the level of targeted and actual expenditure and distributions are reviewed by the AFRM Committee and Board.

The Trust's spending policy (including both granting and operational expenditure) is to not exceed 3.75% of the Trust's average equity over the previous 20 quarters. This amount has been calculated based on the Trustees' long-term investment expectations, together with the objective of rebuilding the capital value of the fund for the benefit of current and future generations. Capital rebuild and the robustness of the community sector in the Trust's area, will be considerations in any decision to increase or decrease the spending budget. As a result, there may be fluctuations between the level of targeted and actual expenditure and distributions.

The Trust uses the services of an investment advisor to pursue an investment policy considered appropriate for the Trust. The Policy aims to achieve a long-term asset allocation as follows:

	Benchmark	Range	Actual
Income – Cash	3.0%	0% to 10%	6.6%
Income – NZ Bonds	3.0%	0% to 10%	7.5%
Income – Overseas Bonds	3.0%	0% to 10%	4.0%
Income – NZ Loan	8.0%	0% to 10%	7.7%
Income – Private Credit	7.0%	0% to 10%	7.1%
Growth – Infrastructure/Property	15.0%	5% to 25%	12.5%
Growth – Domestic Shares	6.0%	5% to 15%	8.9%
Growth – Global shares	30.0%	25% to 35%	29.8%
Growth – Global Private Equity	5.0%	0% to 20%	5.9%
Growth – Growth Alternatives	10.0%	5% to 15%	2.2%
Growth – NZ Private Equity	10.0%	0% to 20%	7.9%
	100%		100%

in New Zealand Dollars ($000s)

12. Financial Instruments continued

Fair Values

Although the General Partner uses its best judgement in estimating the fair value of investments, there are inherent limitations in any estimation techniques. The fair value estimates presented herein are not necessarily indicative of an amount the Group could realise in a current transaction.

PBE IPSAS 30 requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following Levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2 – Inputs other than quotes prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Level in the fair value hierarchy within which the fair value measurement is categorised in its entirety should be determined on the basis of the lowest Level input that is significant to the fair value measurement in its entirety.

The determination of what constitutes 'observable' requires significant judgement by the General Partner. The General Partner considers observable data to be market data that is readily available, regularly distributable or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Group's financial assets (by class) measured at fair value on the Statement of Financial Position.

31 March 2026	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Investment in managed funds	64,162	104,382	54,380	222,924
Unlisted equity securities	-	-	19,994	19,994
	64,162	104,382	74,374	242,918

31 March 2025	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Investment in managed funds	55,737	111,776	44,728	212,240
Unlisted equity securities	-	-	21,137	21,137
	55,737	111,776	65,865	233,377

	Investment in managed funds	Unlisted equity
Balance at 1 April 2025	212,240	21,137
Additional investments/transfers	30,324	1,000
Settlements and repayments	(35,877)	(1,852)
Change in value of financial assets at fair value through profit or loss	16,442	(316)
Reinvested earnings	(205)	-
Balance at 31 March 2026	222,924	19,969
Balance at 1 April 2024	207,517	20,980
Additional investments/transfers	151,168	1,350
Settlements and repayments	(159,263)	(2,928)
Change in value of financial assets at fair value through profit or loss	10,910	1,735
Reinvested earnings	1,908	-
Balance at 31 March 2025	212,240	21,137

Included in profit or loss for the year is a net loss of $316,175 (31 March 2025: net profit of $1.735,327) relating to level 3 assets held at the end of the reporting year. Fair value gains or losses on those assets are included in "change in fair value of financial assets at FVTPL" in the statement of comprehensive income. Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include listed equity securities and investments in listed bond funds.

Loans receivable carried at amortised cost using the effective interest method less impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or where appropriate, a shorter period, to the net carrying amount of the financial asset.

It is the Trustees' determination that the transaction price is the best evidence of fair value for unlisted equities. Therefore, where possible they have used recent share purchase/offer price to determine the fair value of unlisted equities. If there have been no recent share transactions or offers, then a valuation is requested to determine the fair value.

in New Zealand Dollars ($000s)

13. Property, Plant and Equipment

Group	Land	Buildings	Equipment	Furniture & Fitting	Motor vehicles	Total
Cost or Valuation as at 1 April 2025	600	827	104	212	92	1,835
Additions	-	4	5	6	-	15
Revaluation	-	-	-	-	-	-
Unwinding Asset Valuations	-	(4)	(8)	-	-	(12)
Cost or Valuation at 31 March 2026	600	827	101	218	92	1,838
Accumulated depreciation at 1 April 2025	-	72	80	178	25	355
Depreciation	-	16	8	7	12	43
Unwinding Accumulated Depreciation	-	(4)	(7)	-	-	(11)
Accumulated depreciation at 31 March 2026	-	84	81	185	37	387
Net book value 31 March 2025	600	755	24	35	67	1,481
Net book value 31 March 2026	600	743	20	33	55	1,452

Parent	Land	Buildings	Equipment	Furniture & Fitting	Motor vehicles	Total
Cost or Valuation as at 1 April 2025	600	827	103	184	92	1,806
Additions	-	4	5	4	-	13
Revaluation	-	-	-	-	-	-
Unwinding Asset Valuations	-	(4)	(8)	-	-	(12)
Cost or Valuation at 31 March 2026	600	827	100	188	92	1,807
Accumulated depreciation at 1 April 2025	-	72	80	158	25	335
Depreciation	-	16	8	3	12	39
Unwinding Accumulated Depreciation	-	(4)	(7)	-	-	(11)
Accumulated depreciation at 31 March 2026	-	84	81	161	37	363
Net book value 31 March 2025	600	755	24	26	67	1,472
Net book value 31 March 2026	600	743	19	27	55	1,444

A revaluation of freehold land and buildings was completed in March 2025. The values listed are those calculated by CBRE, an independent valuer at that date less an annual depreciation allowance. Refer to the policy which is outlined within Note 2(h).

14. Grant Obligations

Grants approved by the Board but unpaid at balance date are recognised as Current Liabilities. For grants that cover multiple years, the portion that relates to future years, which have been approved in principal by the Board are recognised as Non-Current Liabilities.

Commitments of $6,137,419 (2025: $9,089,052) exist for grants of the Group and $6,137,419 (2025: $9,089,052) for the Parent which will be distributed from either capital or income sources in future years.

	Group		Parent	
	2026	2025	2026	2025
Balance at 1 April	9,089	10,540	9,089	10,540
Grants approved in current year	5,830	5,760	5,830	5,760
Grants paid in current year	(8,658)	(6,155)	(8,658)	(6,155)
Grants approved in principal relating to future years	71	(335)	71	(335)
Grants withdrawn for current year	(90)	(28)	(90)	(28)
Grants withdrawn for prior years	(105)	(693)	(105)	(693)
	6,137	9,089	6,137	9,089
The years in which these commitments fall due are as follows:				
Current	4,027	6,983	4,027	6,983
Within 1-2 years	2,110	2,106	2,110	2,106
Within 2-3 years	0	0	0	0
	6,137	9,089	6,137	9,089

15. Trust Capital

	Group		Parent	
	2026	2025	2026	2025
Capital				
Trust Capital	158,460	158,460	158,460	158,460
	158,460	158,460	158,460	158,460
Reserves				
Capital maintenance reserve	163,565	153,882	163,565	153,882
Grants maintenance reserve	(60,211)	(59,520)	(70,670)	(71,074)
Asset revaluation reserve	907	907	907	907
	104,261	95,269	93,802	83,715
	262,721	253,729	252,262	242,175

in New Zealand Dollars ($000s)

15. Trust Capital continued

(i) Trust Capital

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

(ii) Capital Maintenance Reserve

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

(iii) Grants Maintenance Reserve

The Grants Maintenance Reserve indicates whether the Trust has maintained a grants reserve over the inflation adjusted capital base. The negative reserve indicates that grants have been distributed out of the inflation adjusted capital base. In years when net income from investments is higher than both inflation and granting levels, surplus income is transferred to this reserve. In years when both inflation and granting levels are higher than net investment income, the resulting deficit further decreases this reserve.

(iv) Asset Maintenance Reserve

The Asset Revaluation Reserve reflects the gains/(losses) resulting from the revaluation of land and buildings. These movements in fair value are reflected through the Statement of Comprehensive Revenue and Expense.

16. Key Management Personnel

The compensation of the Executives, Trustees & Directors, being the key management personnel is set out below:

	Group		Parent	
	2026	2025	2026	2025
Short term employee benefits - Executives	384	384	183	183
Trustee fees - Trustees	175	142	175	142
Directors fees – Directors	162	144	-	-
	721	670	358	325
Key management comprised the following number of FTEs				
Executives	2.00	2.00	1.00	1.00
Trustees	1.10	1.22	1.10	1.22
Directors	0.27	0.27	-	-
	3.37	3.49	2.10	2.22

Trustee fees are set by the Minister of Finance at a fixed annual amount. Trustee remuneration as follows:

	2026	2025
Aimee Kaio (retired January 2025)	-	13
Bharat Guha (retired December 2025)	11	3
Bridgette Smith	18	3
David Goble (retired January 2025)	-	13
Garry Hopcroft (appointed January 2026)	3	-
Kirsty Pickett (retired January 2025)	-	28
Leanne Samuel (retired January 2026)	13	15
Leon Hartnett (retired January 2026)	13	15
Margot Hishon	31	4
Maria Pera	16	3
Megan Templeton (appointed January 2026)	3	-
Mel Montgomery	16	17
Samuel Grant	16	3
Stephen Canny	17	22
Warren Skerrett	18	3
	175	142

The Board approved the implementation of external committee members for both the Audit, Finance and Risk Committee and the Investment Committee. Remuneration was paid as follows:

Kathryn Ball (appointed July 2021 - AFRM Chair)	5	5
Andrew Johnson (appointed August 2022 - Investment Committee member)	13	17
	18	22

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17. Related Party Transactions

Transactions with Key Management Personnel

Key management personnel declared interests in relation to organisations that grants were approved during the year. Interests were declared when these grants were considered, and key management took no part in the grant assessment or deliberations relating to organisations they had an interest in.

(i) Conflicts of interest

During the year, trustees and staff were required to declare when they had either a direct or indirect conflict of interest in a matter being considered by the Trust. During the course of the year, 44 such instances were recorded (2025: 20). A register of those interests is available on the Trust website.

(ii) Related party transactions

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financials, and operating policies. Interests classified as related party are disclosed below. There was $653,000 payable at balance date (2025: $202,296).

Trustees	Recipient organisation	Nature of related party	Transaction	2026	2025
A. Kaio	Centre for Social Impact (CSI)	Contracts to CSI	Payables	-	12,474
B. Guha	Invercargill Licensing Trust	CFO for ILT	Payables	3,051	296
K.Pickett	Highland Storm	Close relation	Payables	-	4,313
L Hartnett	Greenlight Innovations	Director	Grant	3,000	-
	Southland Broadcasters Charitable Trust	Radio show	Grant	5,000	5,000
	IHC New Zealand	Employee	Grant	-	2,500
M Hishon	Able Charitable Trust	Board member	Grant	5,000	-
	Central Southland Charitable Trust Board	Sub-committee member	Grant	10,000	-
	Central Southland Hospital Charitable Trust	Committee member	Grant	5,000	-
	Southland Indoor Leisure Centre Charitable Trust	Chair	Grant	250,000	-
M Montgomery	Stadium Southland	Contractor	Grant	-	8,000
M Pera	Southland Regional Development Agency	Trustee	Grants (2)	208,500	-
S Canny	Forest Hill Foundation	Patron	Grant	2,500	-
	Southland Warm Homes Trust	Trustee	Grant	30,000	40,000
	Southland Regional Development Agency	Employee	Grants (5)	208,500	251,000

Transactions with subsidiaries

The Limited Partner of Invest South Limited Partnership is Community Trust South. Community Trust South is owed $10,270,079 from Invest South Limited Partnership (2025: $13,670,079).

Community Trust South received office rental income of $15,000 from Invest South GP Limited (2025: $15,000).

Community Trust South received income for Boardpro subscription of $594 from Invest South GP Limited (2025: $594).

Transactions between subsidiaries

Invest South GP Limited is the general partner to Invest South Limited Partnership. During the year, Invest South Limited Partnership paid a management fee to Invest South GP Limited of $708,970 (2025: $743,719). At 31 March 2025 Invest South GP Limited was due to receive $Nil (2025: $Nil) from Invest South Limited Partnership.

At 31 March 2026 Invest South Limited Partnership owed $10,270,079 to Community Trust South (2025: $13,670,079).

	2026	2025
Invest South GP Limited	187,160	204,187
Community Trust South	10,270,079	13,670,079
	10,457,239	13,874,266

The advances are unsecured, repayable on demand and interest free. It is not expected the advances will be repaid or received in the next 12 months.

Shareholder loans have been advanced to New Zealand Beeswax Limited, $nil (2025: $411,666) For the year ended 31 March 2026 no interest has been charged on the New Zealand Beeswax Limited (2025: $Nil). The loan was repaid during the year.

Shareholder loans have been advanced to Waikaka Gold Mines Limited, $368,388 (2025: $368,388). For the year ended 31 March 2026 no interest has been charged on the Waikaka Gold Mines Limited (2025: $Nil). The loan is repayable at the discretion of Waikaka Gold Mines Limited.

Shareholder loans have been advanced to Bison Group Limited $25,000 (2025: $25,000). For the year ended 31 March 2026 interest has been charged on the Bison Group Limited loan $3,000 (2025: $3,750). The loan has a fixed term expiring 31 March 2026. At 31 March interest was owing of $Nil (2025: $Nil)

18. Contingencies

There are no contingent liabilities or contingent assets relating to the Group at 31 March 2026 (2025: Nil).

19. Capital Commitments

In March 2024, Trustees approved a loan for $350,000 to Bluff Oyster & Food Festival Charitable Trust, at balance date $56,471 has not been drawn down.

At balance date the Trust had committed a total of $16.3m (2025: $18.3m) to New Zealand based private equity funds. Of this sum $13.0m (2024: $14.3m) has been drawn down to date. The calls on the remaining committed funds are made by Fund Managers as further investments are made. The timing of these calls is uncertain.

At balance date the Trust had committed a total of USD $11.0m (NZD $19.5m approximately) (2025: USD $11m - approximately NZD $21.0m) to Unlisted Global Property funds. Of this sum USD $6.6m (NZD $11.8m) has been drawn down to date. The calls on the remaining committed funds are made by Fund Managers as further investments are made. The timing of these calls is uncertain.

20. Events Occurring after Balance Date

There were no significant events after balance date.

21. Grants

Grantee	Grant Amount
45South Community Foundation	15,333
Able Charitable Trust	5,000
Age Concern Southland	60,000
Alzheimers Disease and Related Disorders Society	2,000
Alzheimers Society Southland	8,000
Aparima College	6,850
Aphasia New Zealand (AphasiaNZ) Charitable Trust	1,000
Arrowtown Autumn Festival Society	5,500
Arrowtown School	11,859
Arrowtown Village Association	10,000
Arts Murihiku Charitable Trust	20,000
Arts On Tour Aotearoa NZ Trust	7,500
Ascot Community School	6,763
Athletics Southland	13,037
Attic Arts Centre Charitable Trust	7,500
Atuitui Charitable Trust	5,000
Aurora College	18,630
Autism New Zealand	5,500
Balfour School	2,024
Barnardos New Zealand	50,000
Baskets of Blessing Charitable Trust	4,000
Bhartiya Samaj Queenstown Charitable Trust	4,000
Blue Light Ventures	3,500
Blue Mountain College	6,472
Bluff Community Pool Trust	30,000
Bluff Hill Motupōhue Environment Trust	25,000
Bluff School	3,711
Bone Marrow Cancer Trust	19,224
Bowls Southland	20,731
C.S. Art Charitable Trust	19,000
Camp Quality New Zealand	1,500
CCS Disability Action Services	25,000
Central Lakes Breastfeeding Charitable Trust	2,000
Central Lakes Family Services	105,000
Central Otago Budgeting Service	1,000
Central Otago Regional Choir	2,000
Central Southland College	56,591
Central Southland Hospital Charitable Trust	15,000
Chamber Music New Zealand Trust	3,000
Chamber of Commerce Southland	13,000
Child Cancer Foundation	2,500
Citizens Advice Bureau Invercargill	6,130
Citizens Advice Bureau Queenstown	15,000
Climbing New Zealand	2,500
COIN South	10,000
Community Care Trust Aotearoa	7,500
Community Networking Trust (Eastern Southland)	35,000

Grantee	Grant Amount
Cook Islands Christian Church (Invercargill, Southland) Society Trust	2,500
Crohn's & Colitis New Zealand Charitable Trust	1,000
Croquet Southland	5,196
Cycling Southland	27,255
Cycling Without Age Te Anau Trust	5,000
Cystic Fibrosis Association of New Zealand	2,500
Dan Davin Literary Foundation	2,500
Deaf Lawn Bowls New Zealand	2,000
Dipton School	1,681
Disabilities Resource Centre Southland Charitable Trust	15,500
Disc Golf South	4,667
Donovan Primary School	9,499
Drummond District Bowling Club	5,000
Drummond Primary School	3,093
East Gore School	3,405
Eastern Southland Basketball Association	12,970
Eastern Southland Hockey Association	50,000
Eastern Southland Land Search and Rescue	5,000
Edendale Primary School	12,380
Eduk8 Southland Charitable Trust	25,000
English Language Partners New Zealand Trust	2,000
Epilepsy Association of New Zealand	5,000
FEMME - Southland Girls' High School	2,300
Fernworth Primary School	8,188
Filipino Dance and Talent Charitable Trust	2,000
Fiordland College	9,409
Fiordland Community House	5,000
Fiordland Endurance and Adventure Racing Society	6,000
Forest Hill Foundation	2,500
Garston School	1,017
Glenorchy School	1,132
Golf Southland	43,642
Gore District Council	8,655
Gore Garden Club	1,000
Gore Kids Hub Charitable Trust	1,700
Gore Main School	16,452
Gore Southern Shears	5,000
Gorge Road School	1,246
Greenlight Innovations	3,000
Grey Power Southland Association	10,500
Gymsports New Zealand	15,719
Halfmoon Bay School	1,581
Happiness House Trust	11,000
Hauroko Valley Primary School	2,353
Head Injury Southland Charitable Trust	7,825

21. Grants

Grantee	Grant Amount
Heartland Cricket Trust	3,500
Heddon Bush School	2,207
Hedgehope School	8,783
Heriot School	2,199
Heritage South Trust	7,000
Hillside Primary School	974
Hiringa Oranga o Awarua	5,000
Hollyford Conservation Trust - Te Roopu Manaaki O Whakatipu Waitai	5,000
Ice Sports Southland	6,151
Inclusive Activity Murihiku (IAM) Charitable Trust	5,000
Indian Community Southland	5,000
Insert Coin To Play Charitable Trust	30,000
Invercargill Assembly of God	20,000
Invercargill Gymnastic Club	6,000
Invercargill Hockey Association	28,607
Invercargill Intercultural Church	4,000
Invercargill Malayalees Association (IMA)	1,500
Invercargill Middle School	4,189
Invercargill Musical Theatre	21,000
Invercargill Netball Centre	6,000
Invercargill Repertory Society	10,000
Invercargill Rowing Club	3,000
Invercargill Secondary Schools Network Trust	90,000
Invercargill Taewondo Charitable Trust	5,000
James Hargest College	47,762
Japanese Family Society of Queenstown	3,000
Jubilee Budget Advisory Service	15,000
Jubilee SuperGrans	5,000
K9 Medical Detection New Zealand	12,250
Kalapu Maile Ua Charitable Trust	3,000
KartSport Southland	10,000
KingsView School	1,953
Kiwi Harvest	20,000
Knapdale School	9,072
Lakes Multicultural Collective Trust	5,000
Leukaemia & Blood Cancer New Zealand	3,000
Life Education Trust Heartland Otago Southland	8,455
Life Education Trust Southland	38,866
Limehills School	4,073
Lochiel School	2,332
Loss and Grief Support Trust Southland	36,500
Lumsden School	3,088
Makarewa School	3,816
Mana Tāhuna Charitable Trust	12,500
Mararoa School	1,246
Marching Southland Association	5,564

Grantee	Grant Amount
Māruawai College	21,239
Mataura School	2,401
Mataura Youth Centre Trust	10,000
Meat the Need	4,000
Menzies College	10,547
Methodist Mission Southern	15,000
Midlands Rugby	2,000
Mīharo Murihiku Trust	80,000
Mobility Assistance Dogs Trust	1,000
Momentum Charitable Trust	1,500
Mossburn School	8,503
Motor Neurone Disease New Zealand Charitable Trust	3,000
Murihiku Young Parents Learning Centre	506
Myross Bush School	3,736
Netball South Zone	173,449
New River Primary School	6,729
New Zealand Book Awards Trust	3,000
New Zealand Competitive Aerobics Federation	6,000
New Zealand Council of Victim Support Groups	15,000
New Zealand Country Music Festival Trust	15,000
New Zealand Songwriters Trust	7,000
Newfield Park School	5,831
Ngā Hau e Whā Society	75,000
Niue South	1,000
Northern Southland College	23,642
Northern Southland Community Pool Trust	5,000
Northern Southland Community Resource Centre Charitable Trust	19,000
Ohai Senior Citizens	1,100
Old Boys Association Football Club	2,200
Oreti Surf Life Saving Club	4,529
Otago Amateur Weightlifting Association	5,000
Otago Secondary Schools Sports Association	5,000
Otama School	954
Otatara Landcare Group	2,000
Otatara School	5,667
Otautau and District Community Charitable Trust	5,000
Otautau School	4,299
Pacific Island Advisory and Cultural Trust	40,000
Parent to Parent NZ Incorporated (Southland Branch)	8,000
Presbyterian Support Southland	140,000
Pukerau School	1,761
Queens Park Association Football Club	2,200
Queenstown & Southern Lakes Highland Pipe Band	5,000
Queenstown Alpine Ski Team	4,828

21. Grants

Grantee	Grant Amount
Queenstown Arts Society	9,000
Queenstown Association Football Club	3,358
Queenstown Association of Migrant Pinoys	1,500
Queenstown Cricket Club	7,376
Queenstown Ice Hockey Club	9,933
Queenstown Ice Skating Club	900
Queenstown Inline Hockey Club	874
Queenstown Lakes Baby Box Charitable Trust	5,000
Queenstown Lakes District Council	8,000
Queenstown Mountain Bike Club	21,275
Queenstown Multicultural Festival Trust	2,500
Queenstown Primary School	16,280
Queenstown Tennis Club	15,000
Rangatahi Tumeke Charitable Trust	30,000
Rape and Abuse Support Centre Southland	60,000
Re:Woven Therapy Charitable Trust	15,000
Remarkables Primary School	12,174
Rimu Primary School	2,694
Riversdale & District Progress League	1,500
Riversdale Arts	8,500
Riversdale Rugby Football Club	10,000
Riversdale School	4,011
Riverton Community Charitable Trust	10,000
Riverton Primary School	4,118
Riverton Senior Citizens Association	2,100
Road Safety Education	4,000
Ronald McDonald House Charities New Zealand Trust	63,400
Royal New Zealand Foundation of the Blind	17,500
Royal New Zealand Plunket Trust	15,000
Rugby Southland	167,745
Ruru Specialist School	3,480
Sacred Heart School	1,762
Salford School	6,084
Scholarships - Create	10,500
Scholarships - Leadership	2,080
Scholarships - Sport	40,500
Shama, Ethnic Women's Trust	23,912
Sharks Basketball	84,940
Shotover Primary School	16,287
Show Me Shorts Film Festival Trust	2,000
Showbiz Queenstown	10,000
Showquest Charitable Trust	3,000
Snow Sports New Zealand	5,000
South Coast Environment Society	35,000
South Invercargill Urban Rejuvenation Charitable Trust	15,000
South Sea Spray Trust	20,000
Southern Cancer Society Trust	41,400
Southern Districts Art Trust	1,500
Southern Lakes Tennis Association	1,599
Southern Rural Education Activities Programme (REAP) Charitable Trust	84,500
Southland Adventist Christian School	2,737
Southland Amateur Rowing Association	7,910
Southland Art Foundation	7,500
Southland Badminton Association	9,319
Southland Basketball Association	40,950
Southland Beneficiaries and Community Rights Centre	32,500
Southland Blind Low Vision Bowling Club	2,000
Southland BMX Club	4,817
Southland Board Riders Association	5,150
Southland Boys High School	27,677
Southland Community Broadcasters Charitable Trust	5,000
Southland Community House Charitable Trust	20,000
Southland Competitions Society	5,000
Southland Cricket Association	24,210
Southland disAbility Enterprises	36,500
Southland District Rugby Football League	16,378
Southland Food Bank Trust	15,500
Southland Football Association	71,286
Southland Foundation	50,000
Southland Girls High School	27,875
Southland Hug a Rig Trust	1,000
Southland Indoor Bowls Centre	7,347
Southland Indoor Leisure Centre Charitable Trust	250,000
Southland Kiribati Community and Youth	7,000
Southland Migrant Walking Together Organisation and Multilingual and Activity Centre	2,000
Southland Mountain Bike Club	48,957
Southland Multicultural Trust	40,000
Southland Multiple Sclerosis Society	12,500
Southland Nepalese Society	2,500
Southland Orienteering Club	6,708
Southland Otago Axemen's Centre	3,000
Southland Regional Development Agency	208,500
Southland Regional Heritage Committee	15,000
Southland Rural Support Charitable Trust	4,100
Southland Schools Pipe Band Programme Trust t/a Southland Piping and Drumming Development	21,000
Southland Secondary School Sport	19,500
Southland Softball Association	12,441

21. Grants

Grantee	Grant Amount	Grantee	Grant Amount
Southland Sri Lankan Society	4,000	Te Kura Whakatipu o Kawarau	17,134
Southland Teachers and Judges of Highland and National Dancing	500	Te Oho Mana Charitable Trust	25,000
		Te Oruanui Marae Ohai	5,000
Southland Tennis Association	10,026	Te Rūnaka o Awarua Charitable Trust	80,000
Southland Triathlon and Multisport Club	7,018	Te Tipua School	1,332
Southland Warm Homes Trust	30,000	Te Wharekura o Arowhenua	18,530
Southland Water Polo Club	13,359	The Boys' Brigade in New Zealand	5,500
Southland Workers Educational Association	28,500	The CanInspire Charitable Trust	2,000
Southland Yachting Association	6,749	The Clutha Foundation	1,500
Southland Youth One Stop Shop Trust	72,500	The Euphonics	500
Special Olympics Southland	17,500	The Girl Guides Association New Zealand	5,500
Spirit Army Charitable Trust	40,000	The Institute of Directors in New Zealand	13,000
Sport Otago	20,000	The Invercargill City Charitable Trust	9,000
Sport Southland trading as Active Southland	203,000	The Lightfoot Initiative Charitable Trust	20,000
Squash Southland	13,798	The Lodge 223	1,500
St John's Girls' School	3,064	The Nattering Knitter Charitable Trust	2,500
St Joseph's School (Invercargill)	4,601	The NZ Federation of Young Farmers Clubs	6,000
St Joseph's School (Queenstown)	3,751	The Parkinson's New Zealand Charitable Trust	1,000
St Mary's School (Gore)	5,554	The Salvation Army New Zealand Trust	10,000
St Patrick's School (Invercargill)	7,409	The Samoan Congregational Christian In Invercargill Trust	2,000
St Patrick's School (Nightcaps)	1,018		
St Peter's College	9,714	The Scout Association of New Zealand	14,000
St Teresa's School (Bluff)	750	The Southland Christmas Parade Charitable Trust	15,000
St Theresas Invercargill	6,239	The Stroke Foundation of New Zealand	4,000
St Thomas School Winton	2,764	The Young Men's Christian Association of Invercargill Charitable Trust	31,500
Stadium Southland	8,000		
Star Rugby Football Club Invercargill	15,000	Thornbury School	2,167
Stewart Island Senior Citizens	2,100	Tisbury School	2,651
Surfing For Farmers Charitable Trust	5,000	Tokanui Rugby Football Club	20,000
Swimming Southland	18,697	Tokanui School	1,622
Table Tennis Southland	9,402	Touch Southland	50,309
Takitimu Primary School	3,247	Tuatapere Community Worker Trust Support	5,000
Talent Development Southland Charitable Trust	59,500	Tuatapere Senior Citizens Association	1,500
Talk Link Trust	15,000	Tuturau Primary School	1,158
Tapanui School	2,500	Tūturu Charitable Trust	15,000
Tautawhi Whanau Rangatopu Charitable Trust	30,000	Tuurama Trust	5,000
Te Anau Clay Target Club	5,000	Verdon College	18,896
Te Anau Cricket Club	1,500	Volley South	28,510
Te Anau Golden Age Club	1,000	Volleyball New Zealand	4,500
Te Anau School	8,568	Volunteer South Trust/Kaitūao o Te Taitonga	5,000
Te Anau Volunteer Fire Brigade	20,000	Waianiwa School	1,898
Te Anau Waitangi Charitable Trust	10,000	Waiau Area School	4,651
Te Araroa - The Long Pathway. Te Araroa Trust	15,000	Waihopai City Lions Club	5,400
Te Atamira Whakatipu Community Trust	20,000	Waihopai School	8,167
Te Kāhui Manu Tītī Charitable Trust	4,000	Waikaia Squash Racquets Club	2,000
Te Kohanga Reo I Nga Hau E Wha Invercargill Society	7,200	Waikaia School	948
		Waikaka Primary School	9,587

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Identification

21. Grants

Grantee	Grant Amount
Waikoikoi School	739
Wakatipu High School	41,173
Wakatipu Toy Library	20,000
Wakatipu Youth Trust	31,500
Wallacetown School	2,233
Waverley Park School	7,143
West Gore School	4,574
Whakatipu Wildlife Trust	10,000
Whanake House Charitable Trust	10,000
Windsor North School	7,174
Winton Golf Club	15,000
Winton School	7,528
Women's Shed Aotearoa	20,000
Woodlands Full Primary School	6,389
Woodlands Swimming Pool & Recreation Charitable Trust	5,000
Wyndham School	3,829
Youthline Southland Charitable Trust	10,000
	5,829,842
Add:	
Grants committed in principle	71,288
Less:	
Grants repaid	(1,494)
Grants written off	(190,469)
Scholarships written off	(4,250)
	(196,213)
	5,704,917

KPMG
ChCh
Marked for
Identification

Independent Auditor's Report

To the trustees of Community Trust South

Report on the audit of the Trust and Group financial report

Opinion

We have audited the accompanying Trust and Group financial report which comprises:

- the Trust and Group statement of financial position as at 31 March 2026;
- the Trust and Group statements of comprehensive revenue and expense, changes in equity and cash flows for the year then ended;
- notes, including a summary of significant accounting policies and other explanatory information; and
- the Trust and Group statement of service performance on pages 4 to 6.

In our opinion, the accompanying Trust and group financial report of Community Trust South (the **Trust**) and its subsidiaries (the **Group**) on pages 4 to 28 presents fairly in all material respects:

- the Trust and Group's financial position as at 31 March 2026 and its comprehensive revenue and expense, changes in equity and cash flows for the year ended on that date; and
- the service performance for year ended 31 March 2026 in that the service performance information is appropriate and meaningful and prepared in accordance with the Trust and Group's measurement bases or evaluation methods.
- In accordance with Public Benefit Entity Standards Reduced Disclosure Regime (**PBE Standards RDR**) issued by the New Zealand Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (**ISAs (NZ)**) and the audit of the statement of service performance in accordance with the New Zealand Auditing Standard 1 (Revised) *The Audit of Service Performance Information* (**NZ AS 1 (Revised)**). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Our responsibilities under ISAs (NZ) and NZ AS 1 (Revised) are further described in the *Auditor's responsibilities for the audit of the Trust and Group financial report* section of our report.

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

Other information

The trustees, on behalf of the Trust and Group, are responsible for the other information. The other information comprises information included in the Annual Report, but does not include the Trust and Group financial report and our auditor's report thereon.

Our opinion on the Trust and Group financial report does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Trust and Group financial report our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the Trust and Group financial report or our knowledge obtained in the audit or otherwise appears materially misstated.

If, based on the work we have performed, we conclude 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 trustees. Our audit work has been undertaken so that we might state to the trustees 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, none of KPMG, any entities directly or indirectly controlled by KPMG, or any of their respective members or employees, accept or assume any responsibility and deny all liability to anyone other than the trustees for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of trustees for the Trust and Group financial report

The trustees, on behalf of the Trust and Group, are responsible for:

- the preparation and fair presentation of the Trust and Group financial report in accordance with PBE Standards RDR issued by the New Zealand Accounting Standards Board;
- implementing the necessary internal control to enable the preparation of a Trust and Group financial report that is free from material misstatement, whether due to fraud or error;
- the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods that present service performance information that is appropriate and meaningful in accordance with PBE Standards RDR;
- the preparation and fair presentation of service performance information in accordance with the entity's measurement bases or evaluation methods, in accordance with PBE Standards RDR;
- overall presentation, structure and content of the service performance information in accordance with PBE Standards RDR; and
- assessing the ability of the Trust and Group 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 Trust and Group financial report

Our objective is:

— to obtain reasonable assurance about whether the financial report as a whole is 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 it is not a guarantee that an audit conducted in accordance with ISAs NZ and NZ AS 1 (Revised) 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 and collectively, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Trust and Group financial report.

A further description of our responsibilities for the audit of the Trust and Group financial report is located at the External Reporting Board (XRB) website at:

https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-13-1/

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

KPMG

KPMG
Christchurch
21 August 2026