

Rotorua Energy Charitable Trust

Financial Statements contents

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Rotorua Energy Charitable Trust
Consolidated Statement of Comprehensive Revenue and Expense
For the year ended 31 March 2017

	Note	2017 Group \$000	2016 Group \$000
Revenue from Exchange Transactions			
Other Income	5	3	366
Investment Income	6	11,234	5,766
Net gain on sale of investments reclassified from equity		1,091	-
Total Revenue		12,328	6,131
Expenses			
Trust Activities	8	489	427
Investment Activities	8	742	602
Depreciation	14	29	41
Trustee Fees and Expenses	19	144	144
Employee Remuneration		256	503
Total Expenses		1,660	1,716
Share of recognised revenue and expense from associate	17	(138)	(143)
Operating Surplus for the year before Impairments		10,530	4,272
Impairment of assets	9	(3,106)	(4,452)
Surplus / (Deficit) for the year		7,424	(180)
Other Comprehensive revenue and expense			
Available-for-sale fair value reserve - Net change in fair value	11c	(1,329)	962
Net fair value on disposal of investments transferred to surplus or deficit	11c	(1,091)	-
Artwork revaluation	15	666	32
Other comprehensive revenue/(loss) and expense for the year		(1,754)	994
Total comprehensive revenue and expense for the year		5,670	815



Rotorua Energy Charitable Trust
Consolidated Statement of Changes in Net Assets / Equity
For the year ended 31 March 2017

<i>NZ\$ '000</i>	Perpetual Capital Reserve	Artwork Revaluation Reserve	Available for sale reserve	Grant Reserve	Accumulated revenue & expense reserve	Total trust funds
Balance as at 1 April 2015	131,889	269	3,664	243	13,394	149,459
Total Comprehensive Income	-	32	962	-	(180)	814
Transfers	950	-	-	7,000	(7,950)	-
Grants approved	-	-	-	(10,084)	-	(10,084)
At 31 March 2016	132,839	301	4,626	(2,841)	5,264	140,189
Total Comprehensive Income	-	666	(2,420)	-	7,424	5,670
Transfers	2,808	-	-	7,500	(10,308)	-
Grants approved	-	-	-	(4,051)	-	(4,051)
At 31 March 2017	135,647	968	2,206	608	2,380	141,809



Rotorua Energy Charitable Trust
Consolidated Statement of Financial Position
As at 31 March 2017

	Note	2017 Group \$000	2016 Group \$000
Trust Funds			
Perpetual capital reserve	11a	135,647	132,839
Artwork Revaluation reserve	11b	968	301
Available-for-sale-reserve	11c	2,206	4,626
Grants reserve	11d	608	(2,841)
Accumulated revenue & expense reserve	11e	2,380	5,264
TOTAL TRUST FUNDS		141,809	140,189
Represented by:			
Current Assets			
Cash and cash equivalents	10	1,732	5,292
Term Deposits		-	1,000
Other investments		-	109
Assets Held for Sale	13	700	-
Total Current Assets		2,432	6,401
Non-current Assets			
Investments	12	141,295	133,530
Property, plant and equipment	14	563	592
Artworks	15	2,909	2,214
Loans to Community Organisations	16	7	10
Investment in Associate	17	-	3,844
Total Non-current Assets		144,774	140,190
Current Liabilities			
Creditors		47	83
Employee Entitlements		16	10
Grants payable	18	5,334	6,309
Total Current Liabilities		5,397	6,402
Total Net Assets		141,809	140,189

For and on behalf of the Trustees of Rotorua Energy Charitable Trust:



[Signature]

Stewart Edward
Chairman

[Signature]

Tamati Coffey
Deputy Chairman

23.6.17
Date

23/6/17.
Date

Rotorua Energy Charitable Trust
Consolidated Statement of Cash Flows
For the year ended 31 March 2017

	2017 Group \$000	2016 Group \$000
Cash flows from Operating Activities		
Interest Received	51	389
Dividends Received	-	91
Rent Received	3	366
Other Income	1,401	24
Payments to suppliers, trustees & employees	(861)	(1,026)
Grants paid	(5,027)	(4,684)
Net cash inflow / (outflow) from operating activities	(4,433)	(4,840)
Cash flows from Investing Activities		
Proceeds from sale of property, plant and equipment	-	24
Proceeds from sale of investment property	-	14,194
Proceeds from sale of investments	1,000	17,670
Purchase of artworks	(129)	(195)
Purchase of property, plant and equipment	(1)	(12)
Purchase of Investments	-	(44,895)
Receipt of loans to voluntary organisations	3	80
Loans to voluntary organisations	-	3
Net cash inflow / (outflow) from investing activities	873	(13,131)
Net increase / (decrease) in cash and cash equivalents	(3,560)	(17,971)
Cash and cash equivalents at the beginning of the year	5,292	23,263
Cash and Cash Equivalents at the end of the year	1,732	5,292

Note

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Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2017

1. Reporting Entity

The Rotorua Energy Charitable Trust (the “Trust”) is a public benefit entity for the purposes of financial reporting in accordance with the Financial Reporting Act (2013)

These consolidated financial statements for the year ended 31 March 2017 comprise the controlling entity and its controlled entities (together referred to as the ‘Group’) and individually as ‘Group entities’.

2. Basis of Preparation

a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”). They comply with the *Public Benefit Entity Accounting Standards Reduced Disclosure Regime* (“PBE Standards RDR”) as appropriate for Tier 2 not-for-profit public benefit entities, for which all reduced disclosure regime exemptions have been adopted.

The Group qualifies as a Tier 2 reporting entity as for the two most recent reporting periods it has had between \$2m and \$30m operating expenditure and is not publicly accountable.

These financial statements were authorised for issue by the Trustees on 23 June 2017.

b) Measurement Basis

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position, which are measured at fair value:

- Investments
- Artworks

c) Functional and presentation currency

The financial statements are presented in New Zealand dollars (\$) which is the controlling entity’s functional and Group’s presentation currency, rounded to the nearest thousand.

There has been no change in the functional currency of the Group during the year.

3. Use of judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

a) Judgements

Judgements made by management in the application of the PBE Standards RDR that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.



Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2017

4. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Group.

a) Basis of Consolidation

I. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

II. Controlled entities

Controlled entities are entities controlled by the Group, being where the Group has power to govern the financial and operating policies of another entity so as to benefit from that entity's activities. The financial statements of the Group's controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Subsequent changes in a controlled entity that do not result in a loss of control are accounted for as transactions with controllers of the controlling entity in their capacity as controllers, within net assets/equity.

III. Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Investments in associates are accounted for using the equity method and are recognised initially at cost, including directly attributable transaction costs.

The consolidated financial statements include the Group's share of the surplus or deficit and other comprehensive revenue and expense of its equity accounted associates and jointly-controlled-entities, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in its equity accounted associates and jointly controlled-entities, the carrying amount of the investment, including any long-term investments that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

IV. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted associates and jointly-controlled-entities are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Revenue

Revenue from investments

Investment income comprises interest income on funds invested (including available for sale financial assets), dividend income, gain on the disposal of available for sale assets, fair value gains on financial assets at fair value through profit or loss and distributions received.

Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2017

c) Employee benefits

Short-term employee benefits

Short-term employee benefit liabilities are recognised when the Group has a legal or constructive obligation to remunerate employees for services provided within 12 months of reporting date, and is measured on an undiscounted basis and expensed in the period in which employment services are provided.

d) Financial Instruments

The Group initially recognises financial instruments when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

The Group also derecognises financial assets and financial liabilities when there has been significant changes to the terms and/or the amount of contractual payments to be received/paid.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies financial assets into the following categories: *fair value through surplus or deficit*, *held-to-maturity*, *loans and receivables*, and *available-for-sale*.

The Group classifies financial liabilities into the following categories: *fair value through surplus or deficit*, and *amortised cost*.

Financial instruments are initially measured at fair value, plus for those financial instruments not subsequently measured at fair value through surplus or deficit, directly attributable transaction costs.

Subsequent measurement is dependent on the classification of the financial instrument, and is specifically detailed in the accounting policies below.

I. Fair value through surplus or deficit

A financial instrument is classified as *fair value through surplus or deficit* if it is:

Designated at initial recognition: If the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy.

Financial instruments classified as *fair value through surplus or deficit* are subsequently measured at fair value with gains or losses being recognised in surplus or deficit.

Financial assets at fair value through surplus or deficit comprise Mercer unlisted open-ended investment funds, NZ unlisted equity investments and NZ listed equity investments.

II. Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market.



Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2017

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses (refer *Note 4(e)*). *Loans and receivables* comprise cash and cash equivalents, creditors, grants, loans and borrowings.

Cash and cash equivalents represent highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with maturities of 3 months or less.

III. Available-for-sale financial assets

Available-for-sale (AFS) financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets.

AFS financial assets are subsequently measured at fair value with gains or losses (other than foreign exchange gains or losses) recognised in other comprehensive revenue and expense and presented in the *AFS fair value reserve* within net assets/equity, less impairment (refer *Note 4(e)*).

Upon de-recognition, the accumulated gain or loss within net assets/equity is reclassified to surplus or deficit.

AFS financial assets comprise unlisted private equity investments, listed equity investments and investments in hedge funds.

The Trust has invested in the following private equity funds: Public Infrastructure Partners Fund and Pioneer Capital NZ Fund I. These investments have been recognised on the Trust's Statement of Financial Position based on the Trust's share of each investments net assets (which are all subject to fair value measurement).

Uncalled capital is disclosed further in note 22.

e) Impairment of non-derivative financial assets

A financial asset not subsequently measured at fair value through surplus or deficit is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a counterparty, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a counterparty or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an equity security classified as an *available-for-sale* financial asset, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

I. Financial assets classified as held-to-maturity and loans and receivables

The Group considers evidence of impairment for financial assets measured at amortised cost (*loans and receivables* and *held-to-maturity*) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in surplus or deficit and reflected in an allowance account against *loans and receivables* or *held-to-maturity*. Interest on the impaired asset continues to be recognised.



Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
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When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit.

II. Financial assets classified as available-for-sale

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to surplus or deficit.

The cumulative loss that is reclassified from equity to surplus or deficit is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in surplus or deficit.

f) Property, plant and equipment and artwork

I. Recognition and measurement

Items of property plant and equipment are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

All of the Group's items of property plant and equipment are subsequently measured in accordance with the *cost model*, except for artwork which are subsequently measured in accordance with the *valuation model*.

Items of property, plant and equipment and artwork are subsequently measured either under the:

- *Cost model*: Cost (or fair value for items acquired through non-exchange transactions) less accumulated depreciation and impairment.
- *Valuation model*: fair value, less accumulated depreciation and accumulated impairment losses recognised after the date of the most recent valuation. The valuation model is applied to artwork valuations only. No other items of property, plant and equipment use the valuation model.

Artwork valuations are performed annually to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Gains and losses on artwork revaluation are recognised in other comprehensive revenue and expense and presented in the *artwork valuation reserve* within equity.

Any revaluation losses in excess of credit balance of the *artwork valuation reserve* for artwork are recognised in surplus or loss as an impairment.

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

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

Upon disposal of revalued items of property, plant and equipment, any associated gain or losses on revaluation to that item are transferred from the *artwork valuation reserve* to *accumulated surplus*.

II. Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

III. Depreciation

For property, plant and equipment, depreciation is based on the cost of an asset less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets, those components are depreciated separately.

Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2017

Depreciation is recognised in surplus or deficit on a diminishing value basis over the estimated useful lives of each component of an item of property, plant and equipment.

The diminishing value depreciation rates are:

-	Buildings	4%
-	Plant and equipment	7-48%

Depreciation methods, useful lives, and residual values are reviewed at reporting date and adjusted if appropriate.

g) Impairment of Non-Financial Assets

Non-financial assets are tested 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. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

5. Other Income

	2017 Group \$000	2016 Group \$000
Property rental income	3	366
	3	366

6. Investment Income

	2017 Group \$000	2016 Group \$000
Interest	51	389
Dividends	-	91
Investment Property net gains	-	54
Net gain on financial assets	7 5,342	3,188
Other income	-	24
PIE income	5,841	2,020
	11,234	5,766



Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2017

7. Net Gain / (Loss) on Financial Assets

	2017 Group \$000	2016 Group \$000
Assets designated at fair value		
Realised fair value gain/(loss)	(782)	742
Unrealised fair value gains	6,124	2,512
Net change in fair value of derivatives designated at fair value through surplus or deficit	-	(66)
Total	5,342	3,188

8. Expenses

	2017 Group \$000	2016 Group \$000
Trust Activities		
Audit Fees - KPMG	25	14
Consultants fees	20	41
Election Costs	99	-
Insurance	21	25
Legal	18	63
Occupancy Expenses	39	28
Other expenses	191	127
Public & statutory reporting	27	40
Property repairs	1	2
Sponsorship and promotion	48	87
Total Trust Activities	489	427
Investment Activities		
Audit Fees - KPMG	-	10
Artwork Storage	23	18
Custodial fees: Investments	3	-
Investment Management	705	478
Investment Property Expenses	-	95
Legal	10	-
Other expenses	-	1
Total Investment Activities	742	602

9. Impairment of assets

	2017 Group \$000	2016 Group \$000
Impairment of loan to associate	17 (2,340)	-
Impairment of investments in associate	17 (666)	(4,452)
Impairment in other investments	(100)	-
Total Impairment of assets	(3,106)	(4,452)



Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2017

10. Cash and cash equivalents

	2017	2016
	Group	Group
	\$000	\$000
Current Assets		
Bank balances	1,732	2,628
Call & short term deposits	-	2,664
Cash and cash equivalents in statement of cash flows	1,732	5,292

There are no restrictions over any of the cash and cash equivalent balances held by the Group.

11. Reserves

The Rotorua Energy Charitable Trust was established on 3 June 1994 with a gift of \$100 from the settlor, Rotorua Electricity Limited.

(a) Perpetual capital reserve

On 1 September 1994 the Trust received shares representing 51 per cent of the issued voting capital in Rotorua Electricity Limited, valued at \$32,016,652.

On 30 September 2002 Trustees established a perpetual capital reserve amounting to \$100,000,000 through the transfer of an additional \$67,983,348 from the accumulated income reserve, to the original gift of shares in Rotorua Electricity Limited.

Trustees have determined that this reserve which was established to protect the fund for future generations should be restated each financial year to take account of movements in the Consumer Price Index (CPI). The allocation for the current year is \$2,808,000 (2016: \$950,000).

	2017	2016
	Group	Group
	\$000	\$000
Opening Balance	132,839	131,889
Current year "CPI" allocation	2,808	950
Closing Balance	135,647	132,839

(b) Artwork Revaluation reserve

The revaluation reserve relates to the revaluation of artworks.

	2017	2016
	Group	Group
	\$000	\$000
Opening Balance	301	269
Artwork Revaluation	666	32
Closing Balance	968	301

The artworks are independently revalued by Peter Webb Galleries Limited. There is significant movement in the value of the artworks due to the market interest in works by Goldie.



Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2017

(c) Available-for-sale reserve

For all available for sale financial assets, movements in fair value are recognised through the available-for-sale-reserve. When the relevant asset is derecognised, upon sale, other disposal or permanent impairment, the cumulative fair value changes recognised directly in equity are transferred to accumulated revenue and expense reserve.

	2017 Group \$000	2016 Group \$000
Opening Balance	4,626	3,664
Transferred out on sale of investment	(1,091)	-
Current year net change in fair value	(1,329)	962
Closing Balance	2,206	4,626

(d) Grant reserve

Each year trustees approve a level of grants to be made available to the community. This amount is transferred to the grant reserve. The balance in the grant reserve represents the balance available for grants at year end after the transfer to the reserve of \$7,500,000 (2016: \$7,000,000) and the deduction of grants approved during the financial year. In the event grants approved exceed the level of funds transferred to the grant reserve trustees will address the shortfall in the following years allocation.

The balance in this reserve is available to be utilised in future years to support grants to the community.

	2017 Group \$000	2016 Group \$000
Opening Balance	(2,841)	243
Transfer from accumulated income	7,500	7,000
Grants approved	(4,051)	(10,084)
Closing Balance	608	(2,841)

(e) Accumulated income and expense reserve

The accumulated income reserve represents the balance of income retained or losses accumulated, after the specific transfer of income in each financial year to the perpetual capital reserve and grant reserve.

	2017 Group \$000	2016 Group \$000
Opening Balance	5,264	13,394
Current year surplus / (Deficit)	7,424	(180)
Transfer to grant reserve	(7,500)	(7,000)
Transfer to perpetual capital reserve	(2,808)	(950)
Closing Balance	2,380	5,264



Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2017

12. Investments

Mercer (NZ) Ltd is the Trust investment manager. The Trust holds an investment in a Mercer unlisted open-ended investment fund. The Trust has classified this investment as fair value through surplus or deficit. Trustees have determined that the most appropriate measurement base of fair value is based on the closing unit price of the fund.

	2017	2016
	Group	Group
	\$000	\$000
Financial assets designated as at fair value through surplus or deficit		
Mercer unlisted open-ended investment fund(s)	134,796	119,495
NZ unlisted equity investments	-	50
NZ listed equity investments	212	415
	135,008	119,960
Financial assets designated as available for sale		
Unlisted private equity investments	5,249	9,168
Venture capital fund investments	-	2,560
Listed stapled equity investments	993	1,786
Hedge fund investments	45	56
	6,287	13,570
Total investments	141,295	133,530

The Trust has substantial security holdings in the following company:

Taupo Motorsport Park Limited – The Trust holds 700,000 shares at 31 March 2017. (2016: 700,000, 10.88%). The Trust does not have an appointee to the Board. The investment is held at Nil (2016: Nil)

13. Assets held for sale

	2017	2016
	Group	Group
	\$000	\$000
Opening Balance	-	14,140
Reclassification from investments in and loans to associate	700	-
Proceeds due from assets available for sale	-	(14,195)
Realised gain / (loss) on assets sold	-	55
	700	-

The Group has committed in principle to divesting of the shares in Hubbard Foods Limited. The sale of shares in Hubbard Foods Limited occurred on 9 May 2017.



Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2017

14. Property, Plant & Equipment

	Land and Buildings \$000	Plant and Equipment \$000	Total \$000
Cost			
Balance at 1 April 2016	699	206	905
Addition	-	-	-
Balance at 31 March 2017	<u>699</u>	<u>206</u>	<u>905</u>
Accumulated Depreciation			
Balance at 1 April 2016	137	176	313
Depreciation	16	13	29
Balance at 31 March 2017	<u>153</u>	<u>189</u>	<u>342</u>
Net Book Value			
As at 1 April 2015	581	64	645
As at 31 March 2016	562	30	592
As at 31 March 2017	546	17	563

15. Artwork

	Group \$000
Opening balance at 1 April 2015	1,987
Additions	195
Revaluation	32
Balance at 31 March 2016	<u>2,214</u>
Additions	29
Revaluation	666
Balance at 31 March 2017	<u>2,909</u>

The Trust has purchased and is continuing to purchase Nineteenth, Twentieth and Twenty First Century artworks which reflect the unique nature of the Rotorua area and its people.

The collection was independently valued by Peter Webb Galleries Limited on 31 March 2017.

The artworks are maintained and stored by the Rotorua Museum of Art & History – Te Whare Taonga O Te Arawa.



Rotorua Energy Charitable Trust
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For the year ended 31 March 2017

16. Loans to Community Organisations

The Trust in addition to its granting activities has made loans available to various community organisations. These loans may either be on an interest free basis or subject to interest. The term of the loans varies and in certain instances security may be taken in respect of the loan.

	Loan Balance \$'000	Repayment Date	Loan Terms	Interest rate charged
Rotorua Ngongotaha Rail Trust	10	24 April 2019	Unsecured	6.8%
Balance at 31 March 2016	10			
Rotorua Ngongotaha Rail Trust	7	24 April 2019	Unsecured	6.8%
Balance at 31 March 2017	7			

17. Investment in and loans to associate

The associate, Hubbard Foods Limited, has a balance date of 30 September and as such the Group's share of the post-acquisition profit after income tax as shown above is based on the associate's unaudited management accounts as at 31 March 2017.

The Trust holds 20,206 shares representing 35.64% of the shares on issue. (2016: 20,206, 35.64%). These shares were held for sale at balance date. Refer to Note 13 Assets held for sale.

	Note	2017 Group \$000	2016 Group \$000
Shares in Associate		-	1,504
Loans to Associate		-	2,340
		-	3,844
Results of Associate			
Share of recognised revenue and expenses		(138)	(143)
		(138)	(143)
Movements in share in associate			
Opening Balance		1,504	6,099
Share of recognised revenue and expenses		(138)	(143)
Impairment of shares in associate	9	(666)	(4,452)
Reclassification to assets held for sale	13	(700)	-
Closing Balance		-	1,504
Movements in loan to associate			
Opening Balance		2,340	2,340
Impairment of loan to associate	9	(2,340)	-
Closing Balance		-	2,340
Total investment in and loans to associate		-	3,844



Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2017

18. Grants Payable

Grants approved have been accounted for on the following basis:

	2017 Group \$000	2016 Group \$000
Grants Approved	4,051	10,084
Grants unpaid from prior year	6,310	909
	10,361	10,993
Less: Grants Paid	(5,027)	(4,684)
	5,334	6,309
Represented by:		
Approved and unpaid	4,654	5,591
Obligations for the next financial year	534	522
Scholarships	146	196
Closing Balance	5,334	6,309

19. Trustees Fees and Expenses

Trustee fees and expenses paid during the year or due and payable are as follows:

	2017 Group \$000	2016 Group \$000
T G Coffey	7	-
P C East	14	21
S J Edward	14	-
G W Hall	25	39
S M Kai Fong	21	21
J M La Grouw	21	21
T H Maxwell	14	21
M Raukawa-Tait	7	-
L G Thurston	14	21
B T Yates	7	-
	144	144



Rotorua Energy Charitable Trust
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For the year ended 31 March 2017

20. Related Parties

The ultimate controlling party of the Group is the Rotorua Energy Charitable Trust.

No related party debts have been written off or forgiven during the year.

Key management personnel

Key management personnel of the Trust and Group include Trustees and Senior Management.

All compensation paid to key management personnel of the Trust comprised short-term benefits. No post-employment, share-based payments or other long term benefits were paid to these parties during the year (2016: nil).

	2017	2016
	Group	Group
	\$000	\$000
Salary and other payments (Excluding Trustees)	120	130
Benefits and other emoluments	2	146
Full-time equivalent managers	1	1

Refer to note 19 for Trustee fees paid.



Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2017

Other Related Parties

Trustees declared interests in relation to organisations that received grants as detailed below during the year. Interests were declared when these grants were considered and Trustees took no part in deliberations relating to organisations they had an interest in.

Organisation	Trustee(s) with Interest	Grant Total
Athletics NZ (Sponsorship)	S Kai Fong	\$ 15,000
BOP Philippine Friendship Society	G Hall	\$ 2,500
Co Curricular Funding	L Thurston	\$ 135,222
Get Kids Active	S Kai Fong	\$ 4,000
Geyser Community Foundation (Garden Art)	J La Grouw	\$ 5,000
Geyser Community Foundation (Operating Costs)	J La Grouw	\$ 25,000
Geyser Community Foundation (PNZ Summit)	J La Grouw, S Kai Fong	\$ 1,898
John Paul College (Role Model Students)	L Thurston	\$ 2,000
Kawaha Point School	J La Grouw	\$ 50,000
Life Education Trust - Rotorua	J La Grouw, L Thurston	\$ 9,600
Ngati Whakaue Education Endowment Trust (PNZ Summit)	S Kai Fong	\$ 1,898
N Z Aria Trust	J La Grouw, G Hall, L Thurston	\$ 15,000
N Z Aria Trust (Operating Costs)	J La Grouw, G Hall, L Thurston	\$ 4,000
QE Hospital Community Trust	S Kai Fong, S Edward	\$ 10,000
Rotary Club of Rotorua North (Kiwi Can)	G Hall	\$ 12,500
Rotorua & Districts JP Assn	B Yates, S Edward	\$ 5,000
Rotorua A&P Assn	G Hall	\$ 3,000
Rotorua Civic Arts Trust	G Hall	\$ 70,000
Rotorua Croquet Club	G Hall	\$ 260
Rotorua District Riding for the Disabled	J La Grouw	\$ 8,500
Rotorua Girls High School (Role Model Students)	T Maxwell	\$ 2,000
Rotorua Heritage Trust	P East, G Hall, J La Grouw	\$ 25,000
Rotorua Lakes Council (Affinity Project)	M Raukawa-Tait	\$ 5,000
Rotorua Lakes Council (Community Arts)	M Raukawa-Tait, T Coffey, S Edward	\$ 10,000
Rotorua Lakes Council (Concert for Elderly)	T Maxwell	\$ 2,500
Rotorua Lakes Council (Crankworx)	T Maxwell	\$ 100,000
Rotorua Lakes Council (Free Parking)	M Raukawa-Tait	\$ 20,000
Rotorua Lakes Council (Glo Festival)	T Maxwell	\$ 10,000
Rotorua Lakes Council (Light Rotorua)	T Maxwell	\$ 6,000
Rotorua Lakes Council (Night Market)	T Maxwell, S Kai Fong	\$ 4,000
Rotorua Lakes Council (Tulip Festival)	T Maxwell, S Kai Fong	\$ 5,000
Rotorua Lakes Council (Waipa Carpark)	T Maxwell, S Kai Fong	\$ 438,000
Rotorua Lakes Council (Young Enterprise Scheme)	T Maxwell	\$ 4,000
Rotorua Lakes Swim School	M Raukawa-Tait	\$ 24,800
Rotorua Lakes Watersports Trust	P East	\$ 10,000
Rotorua Lakeside Charitable Trust	T Maxwell	\$ 120,000
Rotorua Museum of Art & History	P East, J La Grouw, T Maxwell, L Thurston	\$ 25,000
Rotorua Musical Theatre	L Thurston	\$ 4,200
Rotorua Musical Theatre (Operating Costs)	L Thurston	\$ 4,000
Te Arawa Whanau Ora	M Raukawa-Tait	\$ 3,500
Western Heights Community Assn	L Thurston	\$ 25,000
WISE Better Homes	L Thurston	\$ 250,000



Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2017

21. Group Entities Subsidiaries

The entities in the Group are as follows:

	Ownership Interest	
	2017	2016
Thirteen Fifty Eight Limited	100%	100%
Rotorua Trust Perpetual Capital Fund Limited	100%	100%

All Subsidiary companies are incorporated in New Zealand and have a balance date of 31 March.

22. Commitments & Guarantees

The Group has made an initial capital commitment in Public Infrastructure Partners Fund for \$4,000,000 of which \$1,250,785 is uncalled to date.

The Group has made an initial capital commitment in Pioneer NZ Innovation Fund I for \$2,000,000 of which \$196,257 is uncalled to date.

Operating Lease Commitments

The Group leases certain items of plant and equipment under operating lease agreements. The following summarises the future minimum lease payments payable under non-cancellable operating leases:

	2017 Group \$000	2016 Group \$000
No later than one year	6	6
Two to Five years	7	13
Later than Five years	-	-
	13	19





Independent Auditor's Report

To the beneficiaries of Rotorua Energy Charitable Trust

Report on the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of Rotorua Energy Charitable Trust (the trust) and its subsidiaries (the Group) on pages 1 to 20:

- i. present fairly in all material respects the Group's financial position as at 31 March 2017 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with Public Benefit Entity Standards Reduced Disclosure Regime (Not-For-Profit).

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 March 2017;
- the consolidated statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of 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 group 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 consolidated financial statements section of our report.

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



Other Information

The Trustees, on behalf of the group, are responsible for the other information included in the entity's Annual Report. Other information includes the Chairman's report. Our opinion on the consolidated 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 consolidated financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 report is made solely to the beneficiaries as a body. Our audit work has been undertaken so that we might state to the beneficiaries 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 beneficiaries as a body for our audit work, this report, or any of the opinions we have formed.



Responsibilities of the Trustees for the consolidated financial statements

The Trustees, on behalf of the group, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being Public Benefit Entity Standards Reduced Disclosure Regime (Not-For-Profit));
- implementing necessary internal control to enable the preparation of a consolidated 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 consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page7.aspx.

This description forms part of our Independent Auditor's Report.

Tauranga

23 June 2017