



Annual Report 2015

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Chairman's Review

Kia Ora, Greetings

2014/15 was a milestone year for the Rotorua Energy Charitable Trust as we turned twenty on 3 June 2014.

Our Annual General Meeting in July 2014 was a wonderful time of celebration where nearly 100 members of our community joined Trustees and staff during a special lunchtime event to mark our anniversary.

The Trust continues to make a huge difference in the community through the grants and scholarships we provide. This year alone we've provided 343 community grants and scholarships totalling \$3.0 million.

Looking back on our nearly 21 years in existence, we've now made 4,631 community grants and scholarships totalling \$93.6 million.

Every dollar we grant and every scholarship we provide continues to have a positive, significant effect – not only on individuals young and old, but also on Rotorua as a collective community.

As we look back over the past year, we have continued to make steady progress toward achieving our vision of helping to create *“a safe and vibrant district, where people are proud to live, work, invest, play and educate their families.”*

This year's highlights include:

\$500,000 to Healthy Homes:

In July we announced the Trust is contributing \$500,000 over the next two years toward the cost of improving Rotorua housing conditions through the popular 'retrofit' Healthy Homes insulation programme.

\$7,500,000 in Major Grants:

In December we announced \$7.5 million were conditionally granted to 13 organisations whose capital projects bring a significant benefit to the wider community. The grants range from \$250,000 to \$1.5 million, are spread across a variety of sectors, and primarily contribute toward building and facility development. Subject to receipt of further information from the organisations, the grants will be formally considered for approval with the funding being distributed over the next three years.

\$200,000 to Crankworx:

We contributed \$200,000 to the world's largest mountain biking festival – Crankworx - which came to Rotorua in March. The economic and reputational impact on the region was incredibly significant as the event attracted around 15,000 spectators and 750 riders from New Zealand and around the world.

The Trust's ability to make a difference is possible due to the investment returns that the Trust receives from the investment of its Perpetual Capital Fund.

For the past twenty years, the Trust has managed its investment portfolio internally and in recent years this has been by way of the Trust's wholly owned subsidiary, Perpetual Capital Management Limited (PCML).

Trustees undertook a review of the management of the Trust's investment portfolio this year and sought proposals from external managers as well as PCML. After careful consideration, in December we announced the appointment of Mercer (NZ) as the new trust investment manager effective from the 1 April 2015.

While internal investment management had served the Trust well over the past 20 years, Trustees believe that the appointment of Mercer is the best option going forward. The company has a strong New Zealand-based team backed by global experience and strength.

We want to take this opportunity to thank PCML directors and staff for their longstanding service. It is their prudent strategy that has allowed the Trust to invest millions over the past two decades as we've worked toward creating a healthy community from the inside out.

In closing, I would like to sincerely thank our small but dedicated team of staff members and my fellow Trustees for their ongoing efforts and continued support.

Thank you



Grahame W Hall, QSO, JP
Chairman

Governance

The Rotorua Energy Charitable Trust (Rotorua Trust) is a Charitable Trust established pursuant to the Energy Companies Act 1992 it is incorporated under the Charitable Trusts Act 1957 and the Charities Act 2005.

ROLE OF THE BOARD

The six Trustees of Rotorua Trust are elected by voters from within the voting district of the Trust, on a triennial basis and are responsible for the direction and supervision of the Trust's business.

The Board has determined that its principal responsibility is to manage and enhance the assets held by the Trust and distribute income for the long-term benefit of the Rotorua district community.

The Board has formally adopted a Corporate Governance Charter.

In meeting this responsibility the Board approves the adoption of appropriate strategies and objectives and reviews the performance of the Trust against these objectives.

They also approve operating and grant budgets and review operating performance against budgeted performance.

DELEGATION OF AUTHORITY

The formulation and implementation of reporting procedures, other than those reserved specifically for the Board are delegated to management. The Board monitors that delegation as part of the formal business of the Board Meetings.

CONFLICTS OF INTEREST

It is recognised that Trustees have a wide range of involvement in the Rotorua District community and as such, the potential for conflict will arise from time to time.

In order to cover this eventuality, Trustees disclose their involvement with other organisations, do not take part in discussion relating to organisations with which they have a relationship, (unless the consent of fellow Trustees is obtained) and do not vote on any matter where a conflict or potential conflict exists.

INVESTMENT

Investment decisions relating to the Trust's Perpetual Capital Fund are undertaken in accordance with the Statement of Investment Policies and Objectives which have been determined by the Trustees. The Trust's wholly owned subsidiary Perpetual Capital Management Limited (PCML) has undertaken the management of the Perpetual Capital Fund in accordance with the terms of a formal Investment Management Agreement (IMA) with the Rotorua Trust. The Board of PCML comprise directors, who are independent of the Rotorua Trust.

The IMA with PCML has not been renewed and with effect from 1 April 2015 Mercer (NZ) has been appointed as the Trust Investment Managers.

GRANTS

Grant requests are received and processed by management.

The requests, together with management recommendations, are presented to the Board, where a formal decision is made.

At the commencement of each financial year the Board determines the allocation and level of grant funding to various sectors. The Board also appoints individual Trustees to act as spokesperson for these sectors.

COMMITTEES

The Board has formally established two sub-committees to assist with the operation of the Trust.

Executive – GW Hall & JM LaGrouw

This committee is responsible for:

- Monitoring the systems of corporate governance.
- Establishing and reviewing remuneration policy for the Board, Directors of subsidiary companies and staff.
- Reviewing the Chief Executive’s performance and remuneration.

Audit – JM LaGrouw, LG Thurston & J Roberts (until 30 September 2014), B Lane (from 1 October 2014) (consultant to the committee)

This committee is responsible for:

- Identifying, assessing and managing business and organisational risk and assisting the Board in the discharge of its financial reporting responsibilities.
- Reviewing the effectiveness of internal control systems.
- Providing a formal forum for the Board, auditors and staff.
- Agreeing with the external auditors on the nature, scope and cost of the audit.
- Ensuring the Board meets financial reporting requirements and that external reporting of information is of a high quality.

Trustee	Board & Committee Meetings held during the year	Number attended
GW Hall	17	17
JM La Grouw	20	20
PC East	16	14
S Kai Fong	16	15
TH Maxwell	16	15
LG Thurston	19	19

Community Support

GRANTS APPROVED FOR THE YEAR ENDED 31 MARCH 2015	TOTAL \$
Adorers of the Sacred Heart of Jesus of Montmartre Trust	3,900
Age Concern Rotorua District Inc.	7,500
Anglican Diocese of Waiapu	26,000
Aratika Charitable Trust	12,000
Arts Rotorua Charitable Trust - Concert for the Elderly	4,000
Atua Awhi Community Charitable Trust	10,000
Bay of Plenty Blues Club Inc.	10,000
Bay of Plenty Rugby Union Inc.	25,000
Bay of Plenty Symphonia Inc.	3,000
Big Brothers Big Sisters of Rotorua	15,000
BOP Science Fair Inc.	2,500
Brass Band Association of New Zealand Inc.	10,000
Brazilian Ju-Jitsu Inc. Rotorua	1,000
Community Rotorua Inc.	10,000
Diabetes NZ Rotorua Inc.	7,500
Eastern Suburbs Community Preschool Inc.	4,962
Empowered Learning Trust	15,000
Empowering Families for Effective Communities Trust	10,000
Epilepsy Association of New Zealand Inc.	2,500
Floral Art Society of New Zealand Inc.	2,000
Full Gospel Business Men's Fellowship International (New Zealand)	2,000
Get Kids Active Charitable Trust	4,000
Geyser City Squash Rackets Inc.	20,000
Grandparents Raising Grandchildren Trust New Zealand	2,700
Grow Rotorua	2,000
Growing Through Grief	6,000
Hamurana Playcentre	4,000
Hamurana Springs Incorporated Society	3,000
Hannah's Bay Community Restoration Trust	5,000
Institute for Child Protection Studies Trust Inc.	10,000
John Paul College	24,000
Kaingaroa Forest School	19,000
KidsCan Charitable Trust	5,000
Kimiora Community Trust	8,000
Kiwanis Club of Rotowhenua Inc.	750
Koutu Playcentre	4,000
Lakes Medical Services Trust	10,000
Lakeswater Quality Society Inc.	4,000
Linton Park Community Trust	6,000
Lions Club of Rotorua Geysersland Charitable Trust	4,500

Lions Tree Grove Committee	10,000
Mokoia Community Association Inc.	20,000
Mountain Bike Events Ltd	200,000
New Zealand Aria Trust	15,000
New Zealand Choral Federation Inc.	5,000
New Zealand Country Music Association Inc.	3,000
New Zealand Dairy Industry Awards Trust	2,500
New Zealand Family & Fostercare Federation Inc.	3,000
New Zealand Men's & Mixed Netball Association	6,000
New Zealand Walking Association Inc.	4,000
Ngakuru School	17,380
Okareka Dance Company	5,000
Opera in the Pa	20,000
Operating Costs Support to 117 Community Organisations - 2015	508,250
Operating Costs Support to 108 Community Organisations - 2016	516,900
Opus Orchestra Trust	20,000
Orienteering Bay of Plenty	3,000
Owhata Marae Committee	15,000
Parent to Parent New Zealand Inc.	5,000
Philanthropy New Zealand	565
Progress Ngongotaha - Kokiri Ngongotaha Inc.	2,000
Project Litefoot Trust	8,000
QE Health	24,125
Reporoa College	17,125
Reporoa Lions Club Charitable Trust	5,000
Reporoa Playcentre	10,000
Rerewhakaaitu Rodeo Association Inc.	1,682
Resource Teachers of Learning and Behaviour	25,000
Rhapsody Rotorua	15,000
Rotary Club of Rotorua Sunrise Charitable Trust	3,000
Rotary District 9930 - Conference 2015	5,000
Rotomahana Parekarangi 6G3B Trust	20,000
Rotorua Agricultural & Pastoral Association Inc.	4,000
Rotorua and District Multiple Sclerosis Society Inc.	6,500
Rotorua and Districts Justices of the Peace Association Inc.	5,954
Rotorua Arts Village Trust	34,897
Rotorua Association of Christian Ministers	2,250
Rotorua Basketball Association Inc.	6,000
Rotorua Boys' High School	27,175
Rotorua Breast Cancer Trust	4,000
Rotorua Christmas Parade Charitable Trust	5,000
Rotorua Civic Arts Trust	50,000
Rotorua Community Creche and Kindergarten Inc.	7,500
Rotorua Community Menz Shed	10,000

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Rotorua Creative Fibre	7,500
Rotorua Croquet Club Inc.	5,000
Rotorua District Cadet Unit	2,124
Rotorua District Choir Inc.	25,000
Rotorua District Festival of Gardens Inc.	7,000
Rotorua Girls' High School	15,950
Rotorua Heritage Trust	25,500
Rotorua Hospital Auxiliary Inc.	6,000
Rotorua Hospital Chaplaincy Trust	9,000
Rotorua Lakes Council - Community Arts Projects	10,000
Rotorua Lakes Council - Events Attraction Funding	63,360
Rotorua Lakes Council - Glo Festival	20,000
Rotorua Lakes Council - Light Rotorua	10,000
Rotorua Lakes Council - Night Market	5,200
Rotorua Lakes Council - Sculptures WW1	12,000
Rotorua Lakes Council - Te Arawa Soldiers Memorial	25,000
Rotorua Lakes Council - Tulip Festival	5,000
Rotorua Lakes High School	25,250
Rotorua Lakeside Concert Charitable Trust - Lakeside 2015	150,000
Rotorua Model Aircraft Club Inc.	7,000
Rotorua Mountain Bike Club Inc.	20,000
Rotorua Museum of Art & History - Te Whare Taonga O Te Arawa	15,000
Rotorua Musical Theatre	10,000
Rotorua Ngongotaha Rail Trust	12,500
Rotorua Parents Centre Inc.	2,000
Rotorua School for Young Parents	15,825
Rotorua Television Trust	15,000
Rotorua Touch Association Inc.	7,500
Rotorua Tramping & Skiing Club Inc.	9,000
Rotorua United Association Football Club Inc.	6,000
Rotorua X Charitable Trust	12,500
Rotorua Young Achievers Awards	6,500
Rotovegas Boxing Gym Inc.	10,000
Royal New Zealand Foundation of the Blind	19,000
Royal New Zealand Plunket Society Lakes Area Inc.	5,000
Scholarships - Outward Bound	16,273
Scholarships - Tertiary Study Awards	288,000
Scholarships - Waiariki Institute of Technology - Whare Takiura 2015	25,000
Sir Peter Blake Trust	5,000
Sport Bay of Plenty Charitable Trust Board Inc.	24,000
St Faith's Anglican Church	15,000
St Francis Whanau Aroha Early Childhood & Family Support Centre	9,500
St Mary's Catholic Church	11,500
Stage Challenge Foundation	6,000

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Stand Children's Services - Midland	15,000
Storytime Foundation Trust Board	8,000
Stroke Foundation of New Zealand Inc.	7,000
Sulphur City Steam Rollers	3,500
Talk Link Trust	20,000
Tauranga Environment Centre Charitable Trust	2,000
Te Amorangi Trust Museum Inc.	25,000
Te Aratu Trust	8,000
Te Arawa Kapa Charitable Trust	15,000
Te Arawa Waka Taua Trust	10,000
Te Kahui Hauora Trust	10,000
Te Kotahitanga O Ngati Whakaue Assets Trust	5,000
Te Kura Kaupapa Maori O Ruamata	1,800
Te Papa Takaro O Te Arawa Trust	5,000
Te Runanganui O Te Arawa Inc.	8,000
Te Utuhina Manaakitanga Trust	2,000
Te Whakaponu Health Trust	5,950
The Gifted Children's Advancement Charitable Trust Board	25,000
The Lifewise Trust	5,000
The New Zealand Cuban Festival Trust	5,000
The New Zealand Symphony Orchestra Foundation	3,339
The Parenting Place Inc.	15,000
The Rotorua Branch of the Royal New Zealand SPCA Inc.	15,000
The Rotorua Christian Education Trust	525
The Rotorua Stockcar Club Inc.	25,000
The Rotorua Welsh Society	2,000
The Western Heights Community Association Inc.	15,000
Tunohopu Marae	3,000
University of Waikato	6,000
Waikato Orchestral Society Inc.	4,000
Western Heights High School	41,700
Whakarewarewa Village Charitable Trust	8,000
WISE Better Homes	250,000
Young Mariners of New Zealand Inc. Rotorua	22,770
Zonta Club of Rotorua	2,000
	\$3,606,181
Prior year grants cancelled	(95,070)
	\$3,511,111

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Income statement

For the Year Ended 31 March 2015

In thousands of New Zealand dollars

	Note	2015 Group	2014 Group
Income			
Interest		1,712	1,464
Dividends		1,887	1,588
Property rental income		1,395	2,174
Investment property net gains / (loss)	9	(56)	(84)
Net gain on financial assets	6	6,974	9,023
Share of income of associate	13	198	462
Other income		49	63
Total Income		12,159	14,690
Expenses			
Trust Activities			
Audit		15	13
Consultants fees		88	44
Depreciation	10	53	51
Election cost		-	19
Employee remuneration		290	361
Insurance		25	24
Legal		8	29
Occupancy & artwork storage		33	26
Other expenses		100	89
Public & statutory reporting		60	48
Property repairs		11	6
Sponsorship and promotion		27	20
Trustee fees & expenses	17	144	143
		854	873
Investment Activities			
Audit		20	22
Brokerage		70	81
Consultants fees		43	45
Custodial fees: Investments		9	8
Depreciation	10	3	6
Directors fees	18	160	200
Directors travel and accommodation		10	12
Employee remuneration	19	714	477
Interest		73	194
Insurance		21	21
Investment Property operating expenses		278	191
Investment Property repairs & upgrading		-	235
Legal		7	12
Other expenses		44	50
Subscriptions: Investment research		33	32
		1,485	1,586
Total Operating Expenses		2,339	2,459
Surplus for the year		9,820	12,231

The accompanying notes form an integral part of these financial statements



Statement of comprehensive income

For the Year Ended 31 March 2015

In thousands of New Zealand dollars

	Note	2015 Group	2014 Group
Surplus for the year	5e	9,820	12,231
Other comprehensive income:-			
Available-for-sale reserve - net change in fair value:	5c	1,005	1,483
Asset revaluation	5b	(343)	2
Other comprehensive income for the year		662	1,485
Total comprehensive income for the year		10,482	13,716

Statement of changes in trust funds

For the Year Ended 31 March 2015

In thousands of New Zealand dollars

	Note	2015 Group	2014 Group
Opening Trust funds		142,488	131,332
Total comprehensive income for the year		10,482	13,716
Grants approved	16	(3,511)	(2,560)
Closing Trust funds		149,459	142,488



The accompanying notes form an integral part of these financial statements

Statement of financial position

As at 31 March 2015

In thousands of New Zealand dollars

	Note	2015 Group	2014 Group
Trust Funds			
Perpetual capital reserve	5a	131,889	131,757
Revaluation reserve	5b	269	612
Available-for-sale reserve	5c	3,664	2,659
Grant reserve	5d	243	254
Accumulated income reserve	5e	13,394	7,206
TOTAL TRUST FUNDS		149,459	142,488
Represented by:			
Current Assets			
Cash and cash equivalents	14	23,263	19,383
Derivative financial instruments	22	104	(27)
Other assets		367	339
Total Current Assets		23,734	19,695
Non-current Assets			
Equity securities	7	91,541	83,006
Debt securities	8	9,960	19,751
Investment property	9	14,140	14,250
Property, plant and equipment	10	645	696
Artwork	11	1,987	2,324
Loans to community organisations	12	92	80
Investment in and loan to associate	13	8,439	8,241
Total Non-current Assets		126,804	128,348
TOTAL ASSETS		150,538	148,043
Current Liabilities			
Creditors and employee entitlements		170	353
Loans and borrowings	15	-	4,000
Grants payable	16	909	1,202
Total Current Liabilities		1,079	5,555
TOTAL LIABILITIES		1,079	5,555
NET ASSETS		149,459	142,488

The Trustees of Rotorua Energy Charitable Trust authorised these financial statements for issue on 18 June 2015.



Grahame Hall
CHAIRMAN



Jo-Anne La Grouw
DEPUTY CHAIRMAN

The accompanying notes form an integral part of these financial statements



Statement of cash flows
For the Year Ended 31 March 2015

In thousands of New Zealand dollars

Note	2015 Group	2014 Group
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:		
Interest	1,725	1,445
Dividends	1,864	1,609
Rent - investment property	1,394	2,174
Other Income	69	52
	5,052	5,280
Cash was disbursed on:		
Payments to suppliers, trustees & employees	2,302	1,960
Interest	134	349
Grants	3,804	3,990
Loans to voluntary organisations	13	-
	6,253	6,299
Net cash inflow / (outflow) from operating activities	(1,201)	(1,019)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash was provided from:		
Sale of property, plant and equipment	4	30
Sale of investment property	-	14,400
Sale of investments	24,291	19,329
	24,295	33,759
Cash was disbursed on:		
Purchase of artworks	5	8
Purchase of investment property improvements	-	744
Purchase of property, plant and equipment	9	78
Purchase of investments	15,201	17,868
	15,215	18,698
Net cash inflow / (outflow) from investing activities	9,080	15,061
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash was disbursed on:		
Bank loans repaid	4,000	2,000
	4,000	2,000
Net cash inflow / (outflow) from financing activities	(4,000)	(2,000)
Net (decrease) / increase in cash and cash equivalents	3,879	12,042
Cash and cash equivalents at the start of the period	19,384	7,341
Cash and Cash Equivalents at the End of the Period	23,263	19,383

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The accompanying notes form an integral part of these financial statements

Notes to the financial statements

1. Reporting Entity

The Rotorua Energy Charitable Trust (the “Trust”) is a Charitable Trust established on 3 June 1994, pursuant to the Energy Companies Act 1992 and was incorporated under the Charitable Trusts Act 1957 on 2 November 1995. The Trust and its subsidiaries were registered as charitable entities under the Charities Act 2005 on 30 June 2008.

Consolidated financial statements are presented. The consolidated financial statements of Rotorua Energy Charitable Trust comprise the Trust, its subsidiaries and associate (together referred to as the “Group”).

The Rotorua Energy Charitable Trust is involved in the management of assets held in trust and the distribution of income from these assets for the long-term benefit of the Rotorua District community.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with the provisions of section 9(b) of the Trust Deed and Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”) applying New Zealand equivalents for International Financial Reporting Standards (NZ IFRS), and its interpretations as appropriate to public benefit entities that qualify for Differential Reporting concessions. The Trust is a reporting entity and its financial statements comply with NZ GAAP.

The Group qualifies under the Framework for Differential Reporting on the basis that it is not publicly accountable and not ‘large’ as defined under the Framework. The Group has adopted certain reporting concessions available to them as a qualifying entity except those available under NZ IAS 7 – Cash Flow Statements. Differential Reporting concessions in the main require the same recognition and measurement standards as full NZ IFRS and allow concessions with regard to disclosure.

The financial statements were approved by Trustees on 18 June 2015.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Investments in equity and debt securities are measured at fair value
- Investment property is measured at fair value
- Artwork and land and buildings are measured at fair value
- Derivative financial instruments are measured at fair value

The methods used to measure fair values are disclosed further in note 4.

(c) Functional and presentation currency

These financial statements are presented in New Zealand dollars (\$), which is the Group’s functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand dollars.



Notes to the financial statements

2. Basis of preparation (continued)

(d) Use of estimates and judgements

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

Estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise stated.

(a) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Trust. Control exists when the Trust has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates

Associates are entities over which the Group has significant influence but not control over the financial and operating policies. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in any associate includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of post-acquisition profits or losses of an associate is recognised in the surplus or deficit, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Should the Group's share of losses in an associate equal or exceed its interest in the associate, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

Transactions eliminated on consolidation

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

Accounting policies of the associates are reviewed to ensure consistency with policies adopted by the Group. Dilution gains or losses arising in investments in the associate are recognised in the Income Statement.



Notes to the financial statements

3. Significant accounting policies (continued)

(a) Basis of consolidation

Transactions eliminated on consolidation (continued)

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in any associate. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

(b) Foreign Currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between cost in the functional currency at the beginning of the period, adjusted for movements during the period, and the cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the surplus or deficit.

(c) Financial instruments

Financial instruments are recognised in the statement of financial position initially at fair value plus, for instruments not at fair value through surplus or deficit, any directly attributable transaction costs. Subsequent to initial recognition financial instruments are measured as described below.

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Trust transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, cash and cash equivalents, creditors, grants and loans and borrowings.

Cash and cash equivalents comprise cash balances and call deposits.

The Group's financial instruments are classified as at fair value through surplus or deficit, available-for-sale or at amortised cost.



Notes to the financial statements

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

Instruments at fair value through surplus or deficit

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

Available for sale financial instruments

A financial asset is classified as available for sale if it is designated as such on initial recognition or is not classified at fair value through surplus or deficit or amortised cost. Subsequent to initial recognition these instruments are recognised at fair value, and changes therein are recognised through the available-for-sale reserve in equity. Upon sale, derecognition or permanent impairment of available for sale assets, the cumulative fair value adjustments are transferred to the income statement.

Other

Subsequent to initial recognition, other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Derivative financial instruments

The Group uses derivative financial instruments which comprise foreign currency hedge contracts and interest rate swaps, to manage its exposure to risks arising from investment activities. The Group does not hold derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as financial instruments designated at fair value through the income statement.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value, the gain or loss on re-measurement to fair value is recognised immediately in the surplus or deficit.

Investments in listed equity securities

Investments in listed equity securities held by the Group are designated at fair value through surplus or deficit.

Investments in venture capital, private equity and hedge funds

Investments in venture capital, private equity and hedge funds are classified as available for sale financial assets.

Investments in debt securities

Investments in debt securities held by the Group are designated at fair value through surplus or deficit.

Notes to the financial statements

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

Loans and borrowings

Loans and borrowings are classified as other non-derivative financial instruments and are measured at amortised cost using the effective interest method.

Creditors

Creditors are stated at cost.

(d) Property, plant and equipment & Artwork

Recognition and measurement

Classes of property, plant and equipment includes land and buildings used by the Group, plant and equipment and artwork.

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

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

Artwork is measured at fair value. Fair value is determined by reference to market value by a registered valuer. Fair value increases are recognised in equity through the revaluation reserve except in the situation the increases reverse a previous revaluation decrease that was recognised through the income statement. Revaluation decreases are recognised in surplus or deficit except where any credit balance remains in the revaluation reserve in respect of that asset.

Subsequent costs

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

Depreciation

Depreciation is recognised in the surplus or deficit over the estimated useful lives of each part of an item of property, plant and equipment.

The applicable depreciation rates are:

Plant and equipment	7%-48%
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(e) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at fair value with any change therein recognised in surplus or deficit. Investment property is not depreciated.



Notes to the financial statements

3. Significant accounting policies (continued)

(f) Impairment

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

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the income statement unless the asset is subject to revaluation. Where a reserve exists for revalued assets, this is reduced before the income statement is affected.

(g) Employee benefits

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, in respect of redundancies.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under a short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long term Incentive plan

The Trust subsidiary Perpetual Capital Management Limited operates a long term incentive plan in respect of its employees. The Group recognises a provision in respect of long term incentive plan which takes into consideration the targets to be met and the likelihood of these targets being met.

(h) Lease payments

Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease.

(i) Grants

Grants are recognised as they are distributed or committed for distribution to eligible organisations as approved by trustees. Grants recognised in the year are recorded in the Statement of changes in trust funds as "grants approved" rather than the Income Statement as they are for the beneficiaries of the Trust.

(j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions represent expected future cash flows at the pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

Notes to the financial statements

3. Significant accounting policies (continued)

(j) Provisions (continued)

Grants and distributions still to be paid are considered to be provisions as the amounts can be estimated reliably and past practice indicates substantially all of the communicated commitments are subsequently paid. Grant provisions are not discounted as the date of cash outflow cannot be estimated reliably and in any event the effect of discounting is not considered to be material.

(k) Revenue Interest

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

Dividends

Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Rental income

Rental income from investment properties is recognised in surplus or deficit on a straight-line basis over the term of the lease.

(l) Income tax

The Trust and its subsidiaries are registered charities and they have and it is expected will continue to maintain their tax exempt status and accordingly no provision is made for income tax.

(m) Goods and services tax (GST)

With the exception of Thirteen Fifty Eight Investments Limited and RotoruaTrust Perpetual Capital Fund Limited, the Group is registered for GST. The financial statements have been prepared on a GST exclusive basis, except for creditors which are stated inclusive of GST.

(n) Statement of cash flows

The following are the definitions used in the statement of cash flows:

- cash is considered to be cash on hand and current accounts in banks;
- operating activities include all transactions and other events that are not investing or financing activities;
- investing activities are those activities relating to the acquisition, holding and disposal of property, plant & equipment and of investments;
- financing activities are those activities which result in a change in the size and composition of the capital structure.



Notes to the financial statements

3. Significant accounting policies (continued)

(o) Changes in accounting policies

There have been no changes in accounting policies during the year.

From 1 April 2014, the Financial Reporting Act 2013 (“FRA 2013”) came into force replacing the Financial Reporting Act 1993. The amendments for the Charities Act 2005 are effective for reporting periods commencing on or after 1 April 2015. This will be effective for the Group’s 31 March 2016 year end. It is expected that the change in legislation will have no material impact on the Group’s obligation to prepare general purpose financial statements.

In addition to this change the External Reporting Board of New Zealand (“XRB”) has released a new accounting standards framework which establishes the financial standards to be applied to entities with statutory financial reporting obligations. The Group is currently reporting under NZ IFRS Differential Reporting. Under the new XRB framework trustees expect that the Group will be reporting under the PBE Standards as applicable for Tier 2 not for profit entities, which come into effect for periods beginning on or after 1 April 2015. Trustees have not yet assessed the impact this will have on the preparation and disclosures included in the financial statements.

4. Determination of fair values

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

(a) Investment property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group’s investment properties annually. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Readers of these financial statements should be aware that there is a high degree of uncertainty in cases where fair value is based not on observable market data but is based on subjective determinations of future rents and capitalisation rates.

(b) Investments in equity and debt securities

Listed equities

Unless disclosed separately, the fair value of investments in equities listed on a recognised trading platform is their last quoted market bid price at the reporting date.

Debt securities

The fair value of investments in debt securities is their closing market price as at the reporting date.

Notes to the financial statements

3. Significant accounting policies (continued)

(b) Investments in equity and debt securities (continued)

Unlisted equities

When the fair value of investments in unlisted equities cannot be determined reliably using a valuation technique, the assets are recognised at cost, taking account of any impairment of the individual investment.

Investment funds

The fair value of investments in managed investment funds, including venture capital, private equity and hedge funds is determined by reference to market reports received from the fund managers and taking into account any impairment of the investments.

(c) Derivative financial instruments

The fair value of forward exchange contracts and interest rate swaps is determined using rates applicable at the reporting date.

(d) Artworks

An external, independent valuation company, having appropriate recognised professional qualifications and experience in the valuation of artworks, values the Group's "Heritage Collection". The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and willing seller in an arm's length transaction.

5. Trust funds

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 \$132,000 (2014: \$1,990,000).

	2015	2014
In thousands of New Zealand dollars		
Opening balance	131,757	129,767
Current year "CPI" allocation	<u>132</u>	<u>1,990</u>
Closing balance	<u>131,889</u>	<u>131,757</u>

Notes to the financial statements

5. Trust funds (continued)

(b) Revaluation reserve

The revaluation reserve relates to the revaluation of artworks.

	2015	2014
In thousands of New Zealand dollars		
Opening balance	612	610
Artwork revaluation	<u>(343)</u>	<u>2</u>
Closing balance	<u>269</u>	<u>612</u>

(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 surplus or deficit.

	2015	2014
In thousands of New Zealand dollars		
Opening balance	2,659	1,176
Net change in fair value	<u>1,005</u>	<u>1,483</u>
Closing balance	<u>3,664</u>	<u>2,659</u>

(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 \$3,500,000 (2014: \$2,500,000) and the deduction of grants approved during the financial year.

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

	2015	2014
In thousands of New Zealand dollars		
Opening balance	254	314
Transfer from accumulated income	<u>3,500</u>	<u>2,500</u>
	3,754	2,814
<i>Deduct:</i>		
Grants approved	<u>3,511</u>	<u>2,560</u>
Closing balance	<u>243</u>	<u>254</u>

Notes to the financial statements

5. Trust funds (continued)

(e) Accumulated income 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.

	2015	2014
In thousands of New Zealand dollars		
Opening balance	7,206	(535)
Surplus for the year	<u>9,820</u>	<u>- 12,231</u>
	17,026	11,696
<u>Deduct</u>		
Transfers to:		
Grant reserve	3,500	2,500
Perpetual capital reserve	<u>132</u>	<u>1,990</u>
Closing balance	<u>13,394</u>	<u>7,206</u>

6. Net gain / (loss) on financial assets

	2015	2014
In thousands of New Zealand dollars		
Assets designated at fair value:		
Realised fair value gains	438	416
Unrealised fair value gains	8,327	6,736
Foreign currency gains / (losses)	79	(61)
Net change in fair value of derivatives designated at fair value through surplus or deficit	<u>(1,870)</u>	<u>1,932</u>
	<u>6,974</u>	<u>9,023</u>



Notes to the financial statements

7. Equity securities

	2015	2014
In thousands of New Zealand dollars		
Equity securities at fair value through surplus and deficit (designated)	79,476	72,297
Available for sale equity securities	<u>12,065</u>	<u>10,709</u>
	<u>91,541</u>	<u>83,006</u>

Equity securities at fair value through surplus and deficit (designated)

	2015	2014
In thousands of New Zealand dollars		
New Zealand listed equities **	34,066	26,904
New Zealand unlisted equities	40	250
International listed equities	41,753	38,709
New Zealand listed property equities	<u>3,617</u>	<u>6,434</u>
	<u>79,476</u>	<u>72,297</u>

Available for sale equity securities

	2015	2014
In thousands of New Zealand dollars		
Venture capital funds	1,566	1,993
Private equity funds	7,933	6,702
Hedge funds	122	141
Unlisted equities	<u>2,444</u>	<u>1,873</u>
	<u>12,065</u>	<u>10,709</u>

** The fair value of the investment in Rural Equities Limited which is listed on the New Zealand “Unlisted Exchange” is the Volume Weighted Average Price (VWAP) over the six month period preceding balance date.

Available for sale equity securities

Venture capital funds

The value of some of the venture capital funds has been written down to reflect the performance of the funds to date. Because these funds have been impaired, the changes associated with the carrying value of those funds are recognised through surplus or deficit. The amount recognised through surplus or deficit relating to venture capital funds during the year was Group (\$319,000), (2014: (\$147,000)).



Notes to the financial statements

7. Equity securities (continued) Available for sale equity securities (continued)

Private equity funds

The fair value of private equity funds is determined based on financial statements of the funds provided to the Group. The fair value determination assumes the book value of the funds is a reasonable reflection of the fair value. Where the value of a private equity fund has been written down to reflect the performance of the fund any changes associated with the carrying value of these funds is recognised through the available-for-sale reserve. The amount recognised through surplus or deficit relating to private equity funds during the year was Group and Trust (\$29,000), (2014: \$19,000).

Hedge funds

The fair value of hedge funds is determined based on financial statements of the funds provided to the Group. The fair value determination assumes the book value of the funds is a reasonable reflection of the fair value. The value of the hedge funds has been written down to reflect the performance of the funds to date. Because these funds have been impaired, the changes associated with the carrying value of these funds are now recognised through surplus or deficit. The amount recognised through surplus or deficit relating to hedge funds during the year, was Group and Trust (\$19,000), (2014: (\$108,000)).

Unlisted equities

The carrying value of unlisted equities is based on fair value. Where this cannot be estimated reliably using a valuation technique the carrying value is based on the cost of the investment. Unlisted equities with a value of \$Nil (2014: \$Nil) have been measured at cost. The amount recognised through surplus or deficit relating to unlisted equities during the year, was Group and Trust (\$250,000), (2014: \$Nil).

Disclosures

The Trust has substantial security holdings in the following companies:

Taupo Motorsport Park Limited - 700,000 shares representing 10.88% of the shares on issue. (2014: 700,000, 10.88%). The Trust does not have an appointee to the Board.

Hubbard Foods Limited (HFL) - 20,206 shares representing 35.64% of the shares on issue. (2014: 20,206, 35.64%). The Trust has an appointee to the Board and treats this company as an associate in the financial statements. (See note 13)



Notes to the financial statements

8. Debt securities

All debt securities are designated at fair value with fair value changes recognised through surplus or deficit.

	2015	2014
In thousands of New Zealand dollars		
NZ government / government guaranteed	9,960	13,699
NZ local government	-	2,076
Bank bonds	-	2,983
Capital notes / Bonds	-	993
	<u>9,960</u>	<u>19,751</u>

Fixed interest securities have an average yield of 4.90% and duration of 3.88 years (2014: 4.81% and 3.94 years)

9. Investment property

Investment property comprises a number of commercial properties:

	2015	2014
In thousands of New Zealand dollars		
Opening balance	14,250	27,990
Earthquake rating upgrading	-	233
Property upgrading	(54)	511
	<u>14,196</u>	<u>28,734</u>
Assets derecognised	-	(100)
Proceeds from properties sold	-	(14,400)
Realised gain/(loss) on properties sold	-	71
Change in fair value	(56)	(55)
Closing balance	<u>14,140</u>	<u>14,250</u>

Investment property carrying value includes the following commercial properties including their valuation details:
All properties have been valued as at year end.

	2015	2014	Valuer
In thousands of New Zealand dollars			
Collingwood Street, Nelson	3,900	4,200	At sales value refer to note below
Pukaki Street, Rotorua	4,600	4,550	Colliers International, Hamilton
Sir William Avenue, Auckland	5,640	5,500	At sales value refer to note below
	<u>14,140</u>	<u>14,250</u>	

In December 2014 Trustees appointed Mercer NZ as investment managers with effect from 1 April 2015. As a result of this decision Trustees resolved to liquidate the commercial properties that the trust owned at balance date.

The Collingwood Street, Nelson property was valued by Colliers International, Wellington at \$4,100,000 and was sold for \$3,900,000 on 26 May 2015.

The Sir William Avenue, Auckland property was valued by Colliers International, Auckland at \$6,000,000 and was sold for \$5,640,000 on 15 May 2015.

Notes to the financial statements

9. Investment property (continued)

The investment properties are leased under operating lease agreements. The following summarises the future minimum lease payments receivable under non-cancellable operating leases:

<i>Receivable:</i>	2015	2014
In thousands of New Zealand dollars		
Not later than one year	692	1,367
Later than one year not later than five years	593	4,596
Change in fair value	-	811
Later than five years	<u>1,285</u>	<u>6,774</u>

10. Property, plant and equipment

	Land and buildings	Plant and equipment	Total
In thousands of New Zealand dollars			
Cost or valuation			
Balance at 1 April 2013	695	274	969
Additions	-	78	78
Disposals	-	(65)	(65)
Balance at 31 March 2014	<u>695</u>	<u>287</u>	<u>982</u>
Balance at 1 April 2014	695	287	982
Additions	4	1	5
Disposals	-	(4)	(4)
Balance at 31 March 2015	<u>699</u>	<u>284</u>	<u>983</u>
Depreciation and impairment losses			
Balance at 1 April 2013	76	188	264
Depreciation for the year	22	35	57
Disposals	-	(35)	(35)
Balance at 31 March 2014	<u>98</u>	<u>188</u>	<u>286</u>
Balance at 1 April 2014	98	188	286
Depreciation for the year	20	36	56
Disposals	-	(4)	(4)
Balance at 31 March 2015	<u>118</u>	<u>220</u>	<u>338</u>
Carrying amounts			
At 1 April 2013	<u>619</u>	<u>86</u>	<u>705</u>
At 31 March 2014	<u>597</u>	<u>99</u>	<u>696</u>
At 1 April 2014	<u>597</u>	<u>99</u>	<u>696</u>
At 31 March 2015	<u>581</u>	<u>64</u>	<u>645</u>

Notes to the financial statements

11. Artwork

In thousands of New Zealand dollars

Cost or valuation

Balance at 1 April 2013	2,315
Additions	7
Sales	-
Revaluation	<u>2</u>
Balance at 31 March 2014	<u>2,324</u>

Balance at 1 April 2014	2,324
Additions	6
Sales	-
Revaluation	<u>(343)</u>
Balance at 31 March 2015	<u>1,987</u>

Carrying amounts

At 1 April 2013	<u>2,315</u>
At 31 March 2014	<u>2,324</u>
At 1 April 2014	<u>2,324</u>
At 31 March 2015	<u>1,987</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 1 May 2015.

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



Notes to the financial statements

12. Loans to community organisations

The Trust in addition to its granting activities makes loans available to various community organisations. These loans may 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.

	2015		
	Loan Balance	Repayment Date	Loan Terms
In thousands of New Zealand dollars			
Q.E. Hospital Limited	80	26 February 2016	Secured
Rotorua Ngongotaha Rail Trust	12	24 April 2019	Unsecured
	<u>92</u>		
	2014		
	Loan Balance	Repayment Date	Loan Terms
In thousands of New Zealand dollars			
Q.E. Hospital Limited	80	26 February 2016	Secured
	<u>80</u>		

13. Investment in and loans to associate

	2015	2014
In thousands of New Zealand dollars		
Shares in Associate	6,099	5,901
Loans to Associate	2,340	2,340
	<u>8,439</u>	<u>8,241</u>

The investment in associate is disclosed using the equity method in the accounts

The Group's share of the results of the investment in the associate and their aggregated assets, including goodwill and liabilities are as follows:

	2015	2014
In thousands of New Zealand dollars		
<i>Results of Associate:</i>		
Share of profit	369	625
Deduct		
Interest on shareholder loan	(171)	(163)
Total recognised revenues and expenses	<u>198</u>	<u>462</u>
<i>Movements in carrying amounts:</i>		
Opening Balance	5,901	5,439
Share of total recognised revenues and expenses	198	462
Closing Balance	<u>6,099</u>	<u>5,901</u>
Included within the carrying value is:		
Goodwill	3,440	3,440

Notes to the financial statements

13. Investment in and loans to associate (continued)

The associate has a balance date of 30 September and as such the group's share of the post-acquisition profit before income tax as shown above is based on the associate's unaudited management accounts as at 31 March 2015.

14. Cash and cash equivalents

	2015	2014
In thousands of New Zealand dollars		
Bank balances	1,002	231
Call & short term deposits	<u>22,261</u>	<u>19,152</u>
Cash and cash equivalents	<u>23,263</u>	<u>19,383</u>

15. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group exposure to foreign currency risk and cash flow interest rate risk, see note 22.

	2015	2014
In thousands of New Zealand dollars		
Current liabilities		
Secured bank loans	<u>-</u>	<u>4,000</u>
	<u>-</u>	<u>4,000</u>

Terms and debt repayment schedule

Terms and conditions of outstanding loans are as follows:

	Currency	Nominal Interest rate	Maturity	Face	Carrying	Face	Carrying
				value	amount	value	amount
				2015	2015	2014	2014
In thousands of New Zealand dollars							
secured bank	NZD	4.75%	01/04/2014	-	-	4,000	4,000
Total Interest					<u>-</u>		<u>4,000</u>



Notes to the financial statements

16. Grants

Grants approved have been accounted for on the following basis:

	2015	2014
In thousands of New Zealand dollars		
Grants Approved	3,511	2,560
Grants unpaid from prior year	<u>1,202</u>	<u>2,632</u>
	4,713	5,192
Less: Grants Paid	<u>3,804</u>	<u>3,990</u>
	<u>909</u>	<u>1,202</u>
Represented by:		
Current Grants		
Approved and unpaid	392	502
Obligations for the next financial year	<u>517</u>	<u>700</u>
	<u>909</u>	<u>1,202</u>

17. Trustee fees and expenses

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

	2015	2014
In thousands of New Zealand dollars		
P C East	21	21
G W Hall	39	38
S M Kai Fong	21	21
J M La Grouw	21	21
T H Maxwell	21	21
L G Thurston	<u>21</u>	<u>21</u>
	<u>144</u>	<u>143</u>

18. Directors fees

Director's fees paid during the year or due and payable to members of the Board of Perpetual Capital Management Limited are as follows:

	2015	2014
In thousands of New Zealand dollars		
S L Maier (Jnr)	60	80
F R S Clouston	40	40
J A Dell	30	40
M G Goldfinch	<u>30</u>	<u>40</u>
	<u>160</u>	<u>200</u>



Notes to the financial statements

19. Related party information

Ultimate controlling party

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

Transactions with subsidiaries and associate

Advances have been made to subsidiary companies within the Group which are interest free and repayable on demand. A variable advance has been made by the Trust to Thirteen Fifty Eight limited, which is subject to interest at the same rate as applicable to that company's borrowings from the Bank of New Zealand Limited.

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

Transactions with and between subsidiaries and associate along with outstanding balances are summarised below:

Subsidiary or Associate *	Nature of transaction	Amount		Outstanding balance	
		2015	2014	2015	2014
In thousands of New Zealand dollars					
Rotorua Energy Charitable Trust					
RPCF	Custodial Services	135	125	-	-
PCML	Investment Management Services	743	690	-	-
Subsidiaries					
RPCF / Trust	Staff support	71	81	-	-
PCML / Trust	Staff support	55	50	-	-
1358 / Trust	Staff support	35	35	-	-
1358 / Trust	Interest on advances	-	194	-	-
PCML / Trust	Office accommodation	12	12	-	-
Associate					
HFL / PCML	Director Fees	42	40	-	-

* Refer to note 9 for associate and note 21 for subsidiary abbreviations

Transactions with related parties

The Trust received reimbursement from Investconsult Ltd in relation to time and expenses incurred in relation to the Chief Executive's appointment as a director to various entities outside of the Rotorua Trust Group. The amount reimbursed to the Trust was \$1,000 (2014: \$15,000)

The terms and conditions relating to these transactions are no more favourable than those available, or expected to be available, on an arm's length basis.

Key management personnel

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

All compensation paid to key management personnel of the Trust comprised short-term benefits. No post-employment, termination benefits, share-based payments or other long term benefits were paid to these parties during the year (2014: nil).

The chief executive is one of the key management personnel of the Trust. His wife is employed by the trust on terms and conditions that are no more favourable to her than the trustees would have agreed to had there been no such relationship.

Notes to the financial statements

19. Related party information (continued)

Key management personnel (continued)

As a result of Trustees determining not to renew the Investment Management Agreement with the Trust subsidiary company, Perpetual Capital Management Limited, termination benefits of \$102,000 were paid to personnel of that company during the year.

The Perpetual Capital Management Limited Board made payments totalling \$50,000 in respect of the current financial year in relation to the long term incentive plan as disclosed in note 3g (2014: nil).

The Trust has insured Trustees and the Directors of its subsidiary companies against liabilities to other parties (except the Trust or a related party of the Trust) that may arise from their position as Trustees or Directors. The Trust has also indemnified the Directors of all of its subsidiary companies and employees who are Directors of associate companies. Any liabilities arising from criminal actions are not covered.

Investment Manager

The Trust has an investment management agreement with its wholly owned subsidiary Perpetual Capital Management Limited to provide investment management services for the Trust's "Perpetual Capital Fund".

Custodian

The Trust has a custodian agreement with its wholly owned subsidiary RotoruaTrust Perpetual Capital Fund Limited to provide custodian services in respect of the investments relating to the Trust's "Perpetual Capital Fund".

20. Related party transactions

Trustees declared interests in relation to organisations that received grants totalling \$932,000 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.



Notes to the financial statements

20. Related party transactions (continued)

Trustee	Organisation	Grant Amount \$
G W Hall	NZ Aria Trust	15,000
	Te Aratu Trust	8,000
	Rotorua Heritage Trust	500
	Rotorua Civic Arts Trust	50,000
	Rotorua Lakeside Concert Charitable Trust	150,000
	Rotorua & Districts JP Association	5,954
	Rotorua District Choir	25,000
	Rotary Clubs of Rotorua	5,000
	Rotorua A&P Association	4,000
	Rotorua Croquet Club	5,000
	Rotary Club of Rotorua Sunrise - Oral Literacy Project	3,900
	J M LaGrouw	Rotorua Heritage Trust
Light Rotorua Project		15,000
NZ Aria Trust		15,000
Rotorua Lakeside Concert Charitable Trust		150,000
Rotorua Museum of Art & History - Art Awards		15,000
L G Thurston	NZ Aria Trust	15,000
	Rotorua Musical Theatre	10,000
	John Paul College	1,000
	John Paul College	1,000
	Rotorua & Districts JP Association	5,954
	John Paul College - Co curricular Funding	19,500
	John Paul College	2,000
	St Mary's Catholic Church	11,500
	John Paul College	500
	Rotorua Hospital Chaplaincy Trust	9,000
	Te Kahui Hauora Trust	10,000
Rotorua Museum of Art & History - Art Awards	15,000	
P C East	Rotorua Heritage Trust	500
	St Faiths Anglican Church	15,000
	Rotary Clubs of Rotorua	5,000
	Lakes Water Quality Society	4,000
	Rotorua Museum of Art & History - Art Awards	15,000
S M Kai Fong	Get Kids Active Charitable Trust	4,000
	BOP Rugby - Sevens Tournament	25,000
T H Maxwell	Te Arawa Kapa Charitable Trust	15,000
	Rotorua Lakeside Concert Charitable Trust	150,000
	St Faiths Anglican Church	15,000
	Rotorua Girls High School	500
	Light Rotorua Project	15,000
	Rotorua Lakes Council - Glo Festival	20,000
	Rotorua Lakes Council - Te Arawa Soldiers Memorial	25,000
	Rotorua Lakes Council - Night Market	5,200
	Opera in the Pa	20,000
	Rotorua Lakes Council - City Focus Entertainment	5,000
	Rotorua Lakes Council - Community Arts Programme	10,000
Rotorua Museum of Art & History - Art Awards	15,000	

Notes to the financial statements

21. Group entities Subsidiaries

The entities in the Group are as follows:

	Ownership Interest	
	2015	2014
Thirteen Fifty Eight Limited	100%	100%
Thirteen Fifty Eight Investments Limited	100%	100%
Perpetual Capital Management Limited	100%	100%
RotoruaTrust Perpetual Capital Fund Limited	100%	100%

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

22. Financial risk management

The Group is subject to a number of financial risks as a result of its investment activities, these include exposure to credit risk, market risk, liquidity risk, foreign currency risk and interest rate risks.

To manage and limit those financial risks, the Trust has in place a formal Statement of Investment Policy and Objectives along with a formal Investment Management Agreement with Perpetual Capital Management Limited which includes policy and procedure guidelines and authorises the use of various financial instruments.

The policies and procedures of the investment manager cover the investment and operating authorities, investment class policies, investment asset mix, investment benchmarks and the basis on which distributions from the investment portfolio are made to the Trust to meet its operating and grant requirements.

The long term goals of the Group's "long-term investment portfolio" are to meet the grant requirements of the Trust, meet the costs associated with Trust, investment and custody management and maintain the value of the portfolio after taking account of inflation.

The policy also requires that the portfolio meet its individual benchmarks in respect of the relevant asset classes and also outperform the median manager in the Mercer survey of investment managers, on a rolling one-year time horizon for the overall portfolio.



Notes to the financial statements

22. Financial risk management (continued)

The asset mix for the long-term investment portfolio is as follows:

	Target Asset mix		Actual Asset mix	
	Minimum	Maximum	2015	2014
Cash & short term deposits	0.0%	7.5%	12.5%	7.2%
Debt securities	12.5%	22.5%	7.0%	14.8%
New Zealand equity securities	10.0%	20.0%	21.9%	20.1%
International equity securities	20.0%	30.0%	29.4%	30.2%
Alternative assets	17.5%	27.5%	19.2%	18.1%
Investment property (net of debt)	12.5%	22.5%	10.0%	9.6%
			<u>100.0%</u>	<u>100.0%</u>

As a result of the decision by trustees to appoint a new investment manager with effect from 1 April 2015 the portfolio, at balance date, was outside the target asset mix, in preparation for the transfer of assets.

The sensitivity of the long-term investment portfolio to market changes is as follows:

Sensitivity Impact March 2015 group investment portfolio assets						
		Change	Surplus/(Deficit) Impact		Asset Impact	
			-ve	+ve	-ve	+ve
In thousands of New Zealand dollars						
Cash & short term deposits (1)	Interest rate change of 100 bps		nil	nil	nil	nil
Debt securities (2)	Interest rate change of 100 bps		402	(370)	402	(370)
New Zealand listed equities (3)	Share price change of 10%		(3,101)	3,101	(3,101)	3,101
International listed equities (4)	Share price change of 10%		(4,186)	4,186	(4,186)	4,186
Private equity (5)	Valuation change of 10%		(2,718)	2,718	(2,718)	2,718
Investment Property (6)	Yield change of 100 bps		3,633	(2,400)	3,633	(2,400)

Sensitivity Impact March 2014 group investment portfolio assets						
		Change	Surplus/(Deficit) Impact		Asset Impact	
			-ve	+ve	-ve	+ve
In thousands of New Zealand dollars						
Cash & short term deposits (1)	Interest rate change of 100 bps		(191)	191	nil	nil
Debt securities (2)	Interest rate change of 100 bps		835	(737)	835	(737)
New Zealand listed equities (3)	Share price change of 10%		(2,690)	2,690	(2,690)	2,690
International listed equities (4)	Share price change of 10%		(3,871)	3,871	(3,871)	3,871
Private equity (5)	Valuation change of 10%		(2,410)	2,410	(2,410)	2,410
Investment Property (6)	Yield change of 100 bps		1,861	(1,476)	1,861	(1,476)

Notes and assumptions

- (1) The analysis is prepared assuming that the holding at balance date is held throughout the year
- (2) The general intention is to hold debt securities to maturity, so a change in interest rates would not affect interest income
- (3) NZ listed equities are held for trading purposes and the analysis is prepared assuming that the holding at balance date is held throughout the year
- (4) International listed equities are held for strategic rather than trading purposes and the analysis is prepared assuming that the holding at balance date is held throughout the year
- (5) Private equity investments are held for strategic rather than trading purposes and the analysis is prepared assuming that the holding at balance date is held throughout the year
- (6) Investment property is held for strategic purposes and the analysis is prepared assuming that the holding at balance date is held throughout the year
- (7) A 10% movement in the \$NZ against foreign currency positions held as at 31 March 2015 would result in a loss or profit on these investments of \$NZ 22,000 (2014 \$NZ 53,000) and \$NZ 27,000 (2014: \$NZ 64,000) respectively.
- (8) All amounts in this analysis have been rounded to the nearest \$NZ 1,000.



Notes to the financial statements

22. Financial risk management (continued)

Credit risk

Financial instruments, which potentially subject the Group to credit risk, principally consist of bank balances, investments and call accounts, which are disclosed in the Statement of financial position. The Group has no significant concentrations of credit risk.

The counterparties used for banking and finance activities are financial institutions with high credit ratings.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on investment.

The primary market risk variables are interest rates, equity prices and foreign exchange rates, any movements in these will impact the Trust and Group's financial position and performance.

Foreign currency

During the normal course of business the Group undertakes investments denominated in foreign currency. As a result of those transactions exposure to fluctuations in foreign currency exchange rates arise. The foreign currency in which the Group deals is the United States Dollar.

Hedging policies exist in relation to foreign currency transactions, to enable the Group exposure to be kept at an acceptable level.

At balance date the position in relation to these foreign exchange forward contracts, was as follows:

	2015	2014
In thousands of New Zealand dollars		
Current asset		
Fair value hedge	104	(27)
Closing balance	<u>104</u>	<u>(27)</u>

The Group holds investments denominated in United States dollar non derivative financial instruments. In order to hedge against exchange rate movements the Group has entered into forward exchange contracts to purchase United States dollars.

These contracts are hedging United States dollar denominated non derivative financial instruments which qualify as fair value hedges and are designated as such.

Notes to the financial statements

22. Financial risk management (continued) Foreign currency (continued)

The following table summarises the NZD equivalents of the Group assets and liabilities:

	NZD	2015		TOTAL
		AUD	USD	
In thousands of New Zealand dollars				
Cash and cash equivalents	23,263	-	-	23,263
Other assets	367	-	-	367
Equity securities	57,976	251	41,753	99,980
Debt securities	9,960	-	-	9,960
Derivative financial instruments	-	-	104	104
Investment property	14,140	-	-	14,140
Property, plant and equipment	645	-	-	645
Artworks	1,987	-	-	1,987
Loans to Community Organisations	92	-	-	92
TOTAL ASSETS	108,430	251	41,857	150,538
Creditors & employee entitlements	170	-	-	170
Grants	909	-	-	909
TOTAL LIABILITIES	1,079	-	-	1,079

	NZD	2014		TOTAL
		AUD	USD	
In thousands of New Zealand dollars				
Cash and cash equivalents	17,700	-	1,683	19,383
Other assets	319	5	15	339
Equity securities	52,108	430	38,709	91,247
Debt securities	19,751	-	-	19,751
Derivative financial instruments	(52)	-	25	(27)
Investment property	14,250	-	-	14,250
Property, plant and equipment	696	-	-	696
Artworks	2,324	-	-	2,324
Loans to Community Organisations	80	-	-	80
TOTAL ASSETS	107,176	435	40,432	148,043
Creditors & employee entitlements	353	-	-	353
Loans and borrowings	4,000	-	-	4,000
Grants	1,202	-	-	1,202
TOTAL LIABILITIES	5,555	-	-	5,555



Notes to the financial statements

22. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Trust cannot pay its debts as they fall due. To manage this risk the investment manager ensures there are sufficient liquid funds to pay the operating costs of the Trust. Given the nature of the Trusts business and strong statement of financial position, liquidity risk is not considered a significant risk for the Group.

More than 90% of the total assets are able to be liquefied within 12 months and the vast majority of these within 3 months.

Cash flow interest rate risk

The Group's cash flow interest rate risk arises primarily from short and long term variable rate borrowings from financial institutions as disclosed in note 15. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. In relation to these variable rate borrowings, the Investment Manager, continuously reviews the Group's interest rate risk on borrowings and maintains a portion of the Group's borrowings at fixed rates by entering into interest rate swaps to hedge against its exposure to changes in cash flows resulting from these borrowings.

At balance date the position in relation to these interest rate swap contracts, was as follows:

	2015	2014
In thousands of New Zealand dollars		
Current Liabilities		
Fair value hedge	-	52
Closing balance	-	52

Fair value measurement

Determination of fair value is outlined in Note 4 to the financial statements. The estimated fair value of the Group's financial assets and liabilities are the same as set out in the statement of financial position.

The table below analyses financial assets carried at fair value according to the valuation technique used to determine their fair value.

The different levels of technique are defined below:

Level 1: quoted prices (unadjusted) in active markets that the entity can access at the measurement date.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the financial asset, either directly (i.e., as prices) or indirectly i.e., derived from prices)

Notes to the financial statements

22. Financial risk management (continued) Fair value measurement (continued)

Level 3: unobservable inputs for the financial assets that are not based on observable market data which have been developed to reflect the assumptions that a market participant would use when determining an appropriate price.

Fair Value of Financial Instruments

31 March 2015	Level 1	Level 2	Level 3	Total
In thousands of New Zealand dollars				
Financial Assets				
Derivative Financial Instruments	-	104	-	104
	-	104	-	104
Other Financial Assets designated at fair value through surplus and deficit				
Listed equities	72,759	6,677	-	79,436
Debt securities	9,960	-	-	9,960
Unlisted equities	-	-	40	40
Investment property	-	14,140	-	14,140
	<u>82,719</u>	<u>20,817</u>	<u>40</u>	<u>103,576</u>
Available for sale financial assets				
Venture capital funds	-	-	1,566	1,566
Private equity funds	-	-	7,933	7,933
Hedge funds	-	-	122	122
Unlisted equities	-	-	2,444	2,444
	-	-	12,065	12,065
	<u>82,719</u>	<u>20,921</u>	<u>12,105</u>	<u>115,745</u>
31 March 2014	Level 1	Level 2	Level 3	Total
In thousands of New Zealand dollars				
Financial Assets				
Derivative Financial Instruments	-	(27)	-	(27)
	-	(27)	-	(27)
Other Financial Assets designated at fair value through surplus and deficit				
Listed equities	65,613	6,434	-	72,047
Debt securities	19,751	-	-	19,751
Unlisted equities	-	-	250	250
Investment property	-	14,250	-	14,250
	<u>85,364</u>	<u>20,684</u>	<u>250</u>	<u>106,298</u>
Available for sale financial assets				
Venture capital funds	-	-	1,993	1,993
Private equity funds	-	-	6,702	6,702
Hedge funds	-	-	141	141
Unlisted equities	-	-	1,873	1,873
	-	-	10,709	10,709
	<u>85,364</u>	<u>20,657</u>	<u>10,959</u>	<u>116,980</u>



Notes to the financial statements

22. Financial risk management (continued) Fair value measurement (continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements.

	Financial assets at fair value through surplus and deficit	Available for sale financial assets	Total
In New Zealand dollars			
Group as at 31 March 2015			
Balance 1 April 2014	106,021	10,959	116,980
Total gains or losses:			
In Income Statement	7,592	(618)	6,974
In Other Comprehensive Income	-	1,005	1,005
Purchases, issues and settlements (net)	(9,973)	759	(9,214)
Transfers in/out of level 3	-	-	-
Balance 31 March 2015	<u>103,640</u>	<u>12,105</u>	<u>115,745</u>
Total gains or losses (realised and unrealised) included in Income Statement for the period for assets held at the end of the reporting period:	<u>7,592</u>	<u>(618)</u>	<u>6,974</u>

23. Capital management

The Group manages as capital the perpetual capital reserve and accumulated income reserve included within Trust Funds. The Group's approach to capital management is to ensure sufficient capital is available to meet the objectives of the Trust and to grow the capital base to ensure future benefits for the Rotorua community.

The Group also needs to ensure that sufficient funds are available on an annual basis to meet the grant requirements of the Trust along with the budgeted operating costs.

24. Commitments and guarantees

Capital commitments

The Group had no known material capital commitments at balance date. (2014 \$Nil).

Other commitments

Entities within the Group have the following commitments in respect of capital contributions to Investments in private equity and venture capital funds:

	2015	2014
In thousands of New Zealand dollars		
Rotorua Energy Charitable Trust	4,527	5,497
Thirteen Fifty Eight Investments Limited	<u>34</u>	<u>76</u>
	<u>4,561</u>	<u>5,573</u>

Notes to the financial statements

24. Commitments and guarantees (continued)

Operating lease commitments

Certain items of office equipment are leased under operating lease agreements. The following summarises the future minimum lease payments payable under non-cancellable operating leases:

	2015	2014
In thousands of New Zealand dollars		
No later than one year	6	6
Later than one year but no later than five years	19	25
Later than five years	-	-
	<u>25</u>	<u>31</u>

Tertiary study awards

The Trust has a tertiary study award scheme, whereby recipients will be provided with funding for up to four years, providing certain conditions are met, to enable them to undertake full time tertiary study.

The balance due to students for the 2016 financial year is included in "Committed Grants" in the statement of financial position.

At balance date the commitment to future financial years is:

In thousands of New Zealand dollars	
2017	168
2018	87
2019	23

Operating costs grants

The Trust has an operating cost scheme, whereby community organisations will be provided with funding to assist them with operating costs for a period of up to three years, providing certain conditions are met.

The current scheme terminates on 31 March 2016 and the balance due for the 2016 financial year of \$517,000 is included in "Committed Grants" in the statement of financial position.



Notes to the financial statements

24. Commitments and guarantees (continued)

Rotorua museum centennial trust

The Trust agreed to a commitment of up to \$4,700,000 toward a project to complete the Bath House in accordance with the original specifications.

The various conditions in relation to project timing and fundraising were met in the 2009 financial year by the Rotorua Museum Centennial Trust and contributions of \$4,700,000 have been paid prior to balance date (2014 \$4,000,000).

The balance outstanding at balance date in respect of this project was Nil. (2014 \$700,000).

25. Subsequent events

During the current year Trustees undertook a review of the management of the Trust's investment portfolio and sought proposals from external managers as well as the trust subsidiary Perpetual Capital Management Limited (PCML). In December 2014 the appointment of Mercer (NZ) as the new Trust investment manager effective from the 1 April 2015, was announced.

Messrs S Maier, J Dell and M Goldfinch resigned from the PCML Board on 31 December 2014 and Mr F Clouston resigned on 31 March 2015.

The staff of PCML had their positions terminated as at 31 March 2015, resulting in redundancy payments totalling \$102,000.

In the period leading up to 31 March 2015 the portfolio was readied for transfer to management by Mercer (NZ). This resulted in the portfolio being outside its target asset mix as at 31 March 2015.

A new Statement of Investment Policy and Objectives has been developed and adopted with effect from 1 April 2015.

In February 2015 Trustees commenced a review into the overall operations and management of the Trust. This review had not been completed at balance date. The outcome of this review may result in restructuring and / or redundancy costs being incurred in the 2016 financial year.



Notes to the financial statements

26. Reconciliation of the surplus for the year with net cash from operating activities

	2015	2014
In thousands of New Zealand dollars		
Surplus for the year	9,820	12,231
Grants approved	<u>(3,511)</u>	<u>(2,560)</u>
Surplus for the year after grants	6,309	9,671
Adjustments for non cash items:		
Depreciation & loss on sale of assets	56	57
Investment property revaluation (gains)/losses	56	13
Investment property (gains)/losses on sale	-	71
Investment (gains)/losses	(6,788)	(8,811)
Share of associate (income) / loss	<u>(198)</u>	<u>(462)</u>
	<u>(6,874)</u>	<u>(9,132)</u>
Balance net of adjustments	(565)	539
Movements in working capital		
(Increase)/decrease in other assets	(29)	37
(Increase)/decrease in derivative financial instruments	(131)	(157)
Increase/(decrease) in committed grants	(293)	(1,430)
Increase/(decrease) in creditors & employee entitlements	<u>(183)</u>	<u>(8)</u>
Net cash outflow from operating activities	<u>(1,201)</u>	<u>(1,019)</u>





Independent auditor's report

To the beneficiaries of Rotorua Energy Charitable Trust

We have audited the accompanying consolidated financial statements of Rotorua Energy Charitable Trust and its subsidiaries ("the group") on pages 11 to 46. The financial statements comprise the consolidated statement of financial position as at 31 March 2015, the consolidated income statement and consolidated statements of comprehensive income, changes in trust funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustees' responsibility for the consolidated financial statements

The trustees are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards Differential Reporting) and for such internal control as the trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion

In our opinion, the consolidated financial statements on pages 11 to 46 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the consolidated financial position of Rotorua Energy Charitable Trust as at 31 March 2015 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards Differential Reporting.



Other matter

The consolidated financial statements of the group, for the year ended 31 March 2014, were audited by another auditor who expressed an unmodified opinion on those statements on 19 June 2014.

KPMG

18 June 2015
Tauranga

Directory

Rotorua Energy Charitable Trust

Trustees

Chairman	Grahame Hall QSO, JP
Deputy Chairman	Jo-Anne La Grouw MNZM Rt. Hon. Paul East QC, CNZM Sandra Kai Fong Trevor Maxwell MNZM Lyll Thurston QSO, JP

Management team

Chief Executive	Stuart Burns BMS, FCA, FCIS, CM Inst D
Finance Administrator	Andrea Thompson AT
Grants Assessor	Alison Perrin BA, JP
Accounts & Investment Administrator	Edith Tissink
Executive Secretary	Lee-Anne Thompson

Perpetual Capital Management Limited

Directors

Chairman	Samford Maier (Jnr) Doctor of Jurisprudence (Harvard), BA (Yale), Auckland (Resigned 31 December 2014) Falcon Clouston BAgSc Economics, AF Inst D, Wellington (Resigned 31 March 2015) John Dell BCom (Hons), CA, Auckland (Resigned 31 December 2014) Martin Goldfinch LLB, BCom, Auckland (Resigned 31 December 2014)
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Investment Team

Chief Investment Officer	Peter Halligan BA, BSc (Hons), Dip Bus (Until 31 March 2015)
Investment Analyst	Aaron Gabbie BMS (Hons) (Until 31 March 2015)

Advisory team

Audit	KPMG, Tauranga
Banking	Bank of New Zealand Limited Australia & New Zealand Banking Group Limited
Investment Manager	Perpetual Capital Management Limited, Rotorua (Until 31 March 2015)
Legal	Simpson Grierson, Auckland

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