

# Rotorua Energy Charitable Trust

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**Rotorua Energy Charitable Trust****Consolidated Statement of Comprehensive Revenue and Expense**

For the year ended 31 March 2020

	Note	2020 Group \$000	2019 Group \$000
<b>Revenue from Exchange Transactions</b>			
Investment Income	5	(2,192)	10,655
Other Income		6	71
<b>Total Revenue</b>		<b>(2,186)</b>	<b>10,726</b>
<b>Expenses</b>			
Trust Activities	6	(422)	(307)
Investment Activities	6	(850)	(802)
Depreciation	10	(29)	(21)
Interest		(3)	-
Trustee Fees and Expenses	14	(134)	(137)
Employee Remuneration		(275)	(351)
<b>Total Expenses</b>		<b>(1,713)</b>	<b>(1,618)</b>
<b>Surplus/(Deficit) for the year</b>		<b>(3,899)</b>	<b>9,108</b>
<b>Other Comprehensive revenue and expenses</b>			
Available-for-sale fair value reserve - Net change in fair value	8c	708	353
Artwork revaluation	11	(181)	300
<b>Other comprehensive revenue/(loss) and expense for the year</b>		<b>526</b>	<b>653</b>
<b>Total comprehensive revenue and expense for the year</b>		<b>(3,372)</b>	<b>9,761</b>

**Rotorua Energy Charitable Trust**  
**Consolidated Statement of Changes in Net Assets / Equity**  
**For the year ended 31 March 2020**

<b>NZ\$ '000</b>	<b>Perpetual Capital Reserve</b>	<b>Artwork Revaluation Reserve</b>	<b>Available for sale reserve</b>	<b>Grant Reserve</b>	<b>Accumulated revenue &amp; expense reserve</b>	<b>Total trust funds</b>
<b>Balance as at 1 April 2018</b>	<b>137,144</b>	<b>967</b>	<b>1,277</b>	<b>559</b>	<b>11,171</b>	<b>151,119</b>
Total Comprehensive Revenue and Expenses	-	300	353	-	9,107	9,760
Transfers	2,066	-	-	4,000	(6,066)	-
Grants approved	-	-	-	(4,347)	-	(4,347)
<b>At 31 March 2019</b>	<b>139,210</b>	<b>1,267</b>	<b>1,630</b>	<b>212</b>	<b>14,212</b>	<b>156,532</b>
Total Comprehensive Revenue and Expenses	-	(181)	708	-	(3,899)	(3,372)
Transfers	3,513	-	-	13,700	(17,213)	-
Grants approved	-	-	-	(12,817)	-	(12,817)
<b>At 31 March 2020</b>	<b>142,723</b>	<b>1,086</b>	<b>2,338</b>	<b>1,095</b>	<b>(6,899)</b>	<b>140,342</b>

**Rotorua Energy Charitable Trust**  
**Consolidated Statement of Financial Position**  
**As at 31 March 2020**

	Note	2020 Group \$000	2019 Group \$000
<b>Trust Funds</b>			
Perpetual capital reserve	8a	142,723	139,210
Artwork Revaluation reserve	8b	1,086	1,267
Available-for-sale-reserve	8c	2,338	1,630
Grant reserve	8d	1,095	212
Accumulated revenue & expense reserve	8e	(6,899)	14,213
<b>TOTAL TRUST FUNDS</b>		<b>140,342</b>	<b>156,532</b>
<b>Represented by:</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	701	437
Other Assets		28	118
<b>Total Current Assets</b>		<b>729</b>	<b>555</b>
<b>Non-current Assets</b>			
Investments	9	148,182	155,484
Property, plant and equipment	10	540	557
Artworks	11	3,028	3,209
<b>Total Non-current Assets</b>		<b>151,750</b>	<b>159,250</b>
<b>Total Assets</b>		<b>152,479</b>	<b>159,805</b>
<b>Current Liabilities</b>			
Creditors		73	48
Employee Entitlements		18	14
Grants payable	12	5,034	2,461
Loans & Borrowings	13	7	-
<b>Total Current Liabilities</b>		<b>5,132</b>	<b>2,523</b>
<b>Non-Current Liabilities</b>			
Grants payable	12	7,000	750
Loans & Borrowings	13	5	-
<b>Total Non-Current Liabilities</b>		<b>7,005</b>	<b>750</b>
<b>Total Liabilities</b>		<b>12,137</b>	<b>3,273</b>
<b>Total Net Assets</b>		<b>140,342</b>	<b>156,532</b>

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



Stewart Edward  
Chairman



Tamati Coffey  
Deputy Chairman

**Rotorua Energy Charitable Trust**  
**Consolidated Statement of Cash Flows**  
**For the year ended 31 March 2020**

	<b>2020</b>	<b>2019</b>
	<b>Group</b>	<b>Group</b>
	<b>\$000</b>	<b>\$000</b>
<b>Cash flows from Operating Activities</b>		
Dividends Received	57	243
Other Income	6	73
Net realisation of investments	4,929	3,903
Payments to suppliers, trustees & employees	(733)	(905)
Grants paid	(3,995)	(2,986)
<b>Net cash inflow / (outflow) from operating activities</b>	<b>265</b>	<b>328</b>
<b>Cash flows from Investing Activities</b>		
Proceeds from sale of investments held for sale	7	-
Purchase of property, plant and equipment	(20)	(33)
Receipt of loans to voluntary organisations	-	2
<b>Net cash inflow / (outflow) from investing activities</b>	<b>(13)</b>	<b>(30)</b>
<b>Cash flows from Financing Activities</b>		
Loans Advanced/(Repaid)	12	-
<b>Net cash inflow / (outflow) from financing activities</b>	<b>12</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>264</b>	<b>298</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>437</b>	<b>139</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>701</b>	<b>437</b>

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 2020**

#### **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 2020 comprise the controlling entity and its subsidiaries (together referred to as the 'Group'). Refer to Note 16.

#### **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 in one of the previous two years 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 22 June 2020.

##### **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 (Note 9)
- Artworks (Note 11)

##### **c) Functional and presentation currency**

The financial statements are presented in New Zealand dollars (\$NZD) which is the Group's functional and 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.

**Rotorua Energy Charitable Trust**  
**Notes to and Forming Part of the Consolidated Financial Statements**  
**For the year ended 31 March 2020**

The following is the significant management judgement in applying the accounting policies of the Group that have a significant effect on the financial statements:

*Recognition of Grants payable*

The criteria used to determine whether or not a grant is payable or recognised as a contingent liability is disclosed in Note 4(d).

**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. Controlled entities (Refer Note 16)*

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.

*II. 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.

**b) Revenue**

*Revenue from investments*

Investment income comprises interest, dividends, and valuation gain/(loss) on investments. Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of consideration received.

*I. Interest Income*

Interest income is recognised on a time-proportion basis using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*II. Dividend Income*

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

## **Rotorua Energy Charitable Trust**

### **Notes to and Forming Part of the Consolidated Financial Statements**

**For the year ended 31 March 2020**

#### **III. Investment Income**

Subsequent to initial recognition, all financial assets at fair value through surplus or deficit are measured at fair value. Gains and losses arising from changes in the fair value are presented in surplus or deficit in the period in which they arise using the latest available market values.

#### **c) Income Tax**

As a registered charity, the Group is wholly exempt from New Zealand income tax under section CW42 of the Income Tax Act 2007.

#### **d) Grants and Grants payable**

The Group makes discretionary grants. Each year a grants amount is transferred from the Accumulated Revenue and Expenses Reserve into a Grants Reserve. Grants to eligible organisations are recognised as a transfer from the Grants Reserve when they are approved by the Board of Trustees.

Grants payable are those grants which have been approved, and there are no other significant obligations to be met and the grant has not been paid by the reporting date (see Note 12). Grants covering multiple years are recognised proportionally in each year they relate. Where grants have been approved in current or previous years but are subject to fulfilment of further conditions in future years, they are treated as contingent liabilities (see Note 19).

#### **e) Goods and Services Tax**

Rotorua Energy Charitable Trust ("RECT") is registered for GST. All amounts are stated exclusive of GST except for income and expenses relating to exempt supply and accounts payable and receivable which are stated inclusive of GST. Rotorua Trust Perpetual Capital Fund Ltd ("RTPCFL") is not registered for GST. Therefore all amounts related to this entity are stated inclusive of GST (if any).

#### **f) 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.

#### **g) 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



## Rotorua Energy Charitable Trust

### Notes to and Forming Part of the Consolidated Financial Statements For the year ended 31 March 2020

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 classifies financial assets into the following categories: *fair value through surplus or deficit*, *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 on initial recognition*. 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.

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

*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.

The Group manages such investments and makes purchase and sales decisions based on their fair value in accordance with the Group's documented risk management or investment strategy.

**Rotorua Energy Charitable Trust**  
**Notes to and Forming Part of the Consolidated Financial Statements**  
**For the year ended 31 March 2020**

AFS financial assets are originally valued at cost and 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.

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 in 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 17.

**h) 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.

**1. 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.

**i) Property, plant and equipment**

**1. 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 *revaluation model*.

## **Rotorua Energy Charitable Trust**

### **Notes to and Forming Part of the Consolidated Financial Statements**

**For the year ended 31 March 2020**

#### **II. Depreciation**

For property, plant and equipment, depreciation is based on the cost of an asset less its residual value.

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 0% - 25% SL
- Plant and equipment 0% - 50% SL; 0% - 67% DV

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

#### **j) Artwork**

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 revaluation reserve* within Net Assets/Equity.

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

#### **k) 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.

#### **l) Cash Flows**

The consolidated statement of cash flows is presented using the direct method.

Cash and cash equivalents are highly liquid investments that are readily convertible to cash with an insignificant risk of changes in value, with maturities of 3 months or less. As such the statement of cash flows does not reflect the movement of cash balances within the Mercer portfolio or other private equity investments.

Cash flows from operating activities include all transactions that relate to the operations of the trust, and are not classified as investing activities. Cash flow from operating activities includes cash flows from the realisation of investments classified as fair value through surplus or deficit and available for sale.

Cash flows from investing activities comprise the purchase and sale of property, plant and equipment and artwork, and sale and purchase of investments not classified as fair value through surplus or deficit or available for sale.

**Rotorua Energy Charitable Trust**  
**Notes to and Forming Part of the Consolidated Financial Statements**  
**For the year ended 31 March 2020**

**m) Finance Lease Payments**

Finance Lease Payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term on an effective interest basis.

**5. Investment Income**

	<b>2020 Group \$000</b>	<b>2019 Group \$000</b>
Interest	1	1
Dividends	432	243
Realised gain/(loss) on investments	-	773
Unrealised gain/(loss) on investments	(2,625)	9,639
	<b>(2,192)</b>	<b>10,655</b>

**6. Expenses**

	<b>2020 Group \$000</b>	<b>2019 Group \$000</b>
<b>Trust Activities</b>		
Audit Fees - KPMG	28	26
Consultants fees	21	42
Election Costs	84	-
Insurance	20	18
Legal	1	6
Occupancy Expenses	33	30
Other expenses	182	142
Public & statutory reporting	11	4
Property repairs	3	-
Sponsorship and promotion	40	40
<b>Total Trust Activities</b>	<b>422</b>	<b>307</b>
<b>Investment Activities</b>		
Artwork Storage	19	16
Investment Management	831	786
<b>Total Investment Activities</b>	<b>850</b>	<b>802</b>

**Rotorua Energy Charitable Trust**  
**Notes to and Forming Part of the Consolidated Financial Statements**  
**For the year ended 31 March 2020**

**7. Cash and cash equivalents**

	<b>2020 Group \$000</b>	<b>2019 Group \$000</b>
<b>Current Assets</b>		
Bank balances	701	437
<b>Cash and cash equivalents in statement of cash flows</b>	<b>701</b>	<b>437</b>

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

**8. 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 \$3,513,000 (2019: \$2,066,000).

	<b>2020 Group \$000</b>	<b>2019 Group \$000</b>
<b>Opening Balance</b>	139,210	137,144
Current year "CPI" allocation	3,513	2,066
<b>Closing Balance</b>	<b>142,723</b>	<b>139,210</b>

**(b) Artwork Revaluation reserve**

The revaluation reserve relates to the revaluation of artworks.

	<b>2020 Group \$000</b>	<b>2019 Group \$000</b>
<b>Opening Balance</b>	1,267	967
Artwork Revaluation	(181)	300
<b>Closing Balance</b>	<b>1,086</b>	<b>1,267</b>

## Rotorua Energy Charitable Trust

### Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 31 March 2020

**(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 the profit and loss and the reserve is adjusted accordingly.

	2020 Group \$000	2019 Group \$000
Opening Balance	1,630	1,277
Current year net change in fair value	708	353
Closing Balance	2,338	1,630

**(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 \$13,700,000 (2019: \$4,000,000) 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.

	2020 Group \$000	2019 Group \$000
Opening Balance	212	559
Transfer from accumulated income	13,700	4,000
Grants approved	(12,921)	(4,395)
Grants written back	104	48
Closing Balance	1,095	212

**(e) Accumulated income and expense reserve**

The accumulated income and expenses 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.

**Rotorua Energy Charitable Trust**  
**Notes to and Forming Part of the Consolidated Financial Statements**  
**For the year ended 31 March 2020**

	<b>2020 Group \$000</b>	<b>2019 Group \$000</b>
<b>Opening Balance</b>	14,213	11,171
Current year surplus / (Deficit)	(3,899)	9,108
Transfer to grant reserve	(13,700)	(4,000)
Transfer to perpetual capital reserve	(3,513)	(2,066)
<b>Closing Balance</b>	<b>(6,899)</b>	<b>14,213</b>

**9. Investments**

	<b>2020 Group \$000</b>	<b>2019 Group \$000</b>
<b>Financial assets designated as at fair value through surplus or deficit</b>		
Mercer unlisted open-ended investment fund(s)	141,169	148,863
NZ listed equity investments	335	345
	<b>141,503</b>	<b>149,209</b>
<b>Financial assets designated as available for sale</b>		
Unlisted private equity investments	6,652	6,249
Hedge fund investments	27	27
	<b>6,679</b>	<b>6,275</b>
<b>Total investments</b>	<b>148,182</b>	<b>155,484</b>

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.

The Trust also holds NZ listed equity, Unlisted private equity and Hedge Funds. The Trust has classified these investments as fair value through surplus or deficit. Trustees have determined that the most appropriate measurement base of fair value is based year end managers valuation.

The Trust also has equity security holdings in the following company:

Taupo Motorsport Park Limited – The Trust holds 700,000 shares at 31 March 2020 (2019: 700,000 10.88%). The Trust does not have an appointee to the Board. The investment is held at Nil (2019: Nil).



**Rotorua Energy Charitable Trust**  
**Notes to and Forming Part of the Consolidated Financial Statements**  
**For the year ended 31 March 2020**

**10. Property, Plant & Equipment**

	<b>Land and Buildings \$000</b>	<b>Plant and Equipment \$000</b>	<b>Total \$000</b>
<b>Cost</b>			
Balance at 1 April 2018	699	210	909
Addition	-	33	33
Balance at 1 April 2019	699	243	942
Addition	-	20	20
Disposal	-	(25)	(25)
Balance at 31 March 2020	699	238	936
<b>Accumulated Depreciation</b>			
Balance at 1 April 2018	168	196	364
Depreciation	15	6	21
Balance at 1 April 2019	183	202	385
Depreciation	14	22	36
Depreciation Recovered	-	(25)	(25)
Balance at 31 March 2020	197	199	396
<b>Net Book Value</b>			
As at 1 April 2018	531	14	545
As at 31 March 2019	516	41	557
As at 31 March 2020	502	39	540

**11. Artwork**

	<b>2020 Group \$000</b>	<b>2019 Group \$000</b>
<b>Opening balance</b>	3,209	2,909
Revaluation	(181)	300
<b>Closing Balance</b>	3,028	3,209

The Trust owns 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 Paragon Matter Art Services on 31 March 2020.

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



**Rotorua Energy Charitable Trust****Notes to and Forming Part of the Consolidated Financial Statements  
For the year ended 31 March 2020****12. Grants Payable**

	<b>2020 Group \$000</b>	<b>2019 Group \$000</b>
Opening Balance - Grants payable	3,211	1,850
Grants Written back	(104)	(48)
Grants Paid	(3,994)	(2,986)
Grants Approved	12,921	4,395
Closing Balance - Grants payable	<b>12,034</b>	<b>3,211</b>
<b>Represented by:</b>		
Current	5,034	2,461
Non-Current	7,000	750
Closing Balance	<b>12,034</b>	<b>3,211</b>

**13. Loans and Borrowings**

The group has entered into a finance lease agreement for a motor vehicle with Toyota Financial Services during the year. The lease is for a 36 month period with monthly repayments of \$732. The agreed residual value at the end of this period is \$18,647 and there is no option to purchase the vehicle at the end of the lease.

	<b>2020 Group \$000</b>	<b>2019 Group \$000</b>
Current	7	-
Non-Current	5	-
Closing Balance	<b>12</b>	<b>-</b>

## Rotorua Energy Charitable Trust

### Notes to and Forming Part of the Consolidated Financial Statements For the year ended 31 March 2020

#### 14. Trustees Fees and Expenses

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

	2020 Group \$000	2019 Group \$000
G Brown	7	-
T G Coffey	22	22
S J Edward	39	39
S M Kai Fong	15	22
M Keefe	7	-
J M La Grouw	22	22
M Raukawa-Tait	22	22
B T Yates	-	9
	<b>134</b>	<b>137</b>

#### 15. 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 (2019: Nil).

	2020 Group \$000	2019 Group \$000
Salary and other payments (Excluding Trustees)	124	124
Benefits and other emoluments	4	4
Full-time equivalent managers	1	1

Refer to Note 14 for Trustee fees paid.

**Rotorua Energy Charitable Trust**  
**Notes to and Forming Part of the Consolidated Financial Statements**  
**For the year ended 31 March 2020**

**Other Related Parties**

Trustees declared interests in relation to grants approved to the following organisations 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	Grants Approved during the Year \$000s
Age Concern Rotorua Inc	J La Grouw	8
John Paul College	G Brown	8
LakesWater Quality Assn	S Edward	10
N Z Aria Trust	J La Grouw	15
Rotorua & Districts JP Assn	S Edward, M Keefe	2
Rotorua Competitions Society	J La Grouw	5
Rotorua District Riding for the Disabled	J La Grouw	9
Rotorua Lakes Council (Art Awards)	M Raukawa-Tait	15
Rotorua Lakes Council (GLO Festival)	M Raukawa-Tait	16
Rotorua Lakes Council (Golden Years Concert)	M Raukawa-Tait	3
Rotorua Lakes Council (Growing Technology)	M Raukawa-Tait	30
Rotorua Lakes Council (Museum)	M Raukawa-Tait	10,000
Rotorua Lakes Council (Song Cloud)	M Raukawa-Tait	8
St Faith's Anglican Church	J La Grouw	20
		<hr/> 10,149 <hr/>

**16. Group Entities Subsidiaries**

The entities in the Group are as follows:

	Ownership Interest	
	2020	2019
Rotorua Trust Perpetual Capital Fund Limited	100%	100%
Thirteen Fifty Eight Investments Limited	100%	100%

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

**17. Commitments & Guarantees**

The Group has made an initial capital commitment in Public Infrastructure Partners Fund for \$4,000,000 of which \$14,306 is uncalled to date (2019: \$14,306 uncalled).

The Group has made an initial capital commitment in Pioneer NZ Innovation Fund I for \$2,000,000 of which \$157,511 is uncalled to date (2019: \$157,511 uncalled).

**18. Significant Events**

The magnitude of the Covid-19 crisis and the impact that it is having on the New Zealand and Global economies has resulted in significant market volatility. As at 31 March 2020, Covid-19 had been declared a pandemic and New Zealand had moved to Alert Level 4 status with the entire country, except for certain essential industries, in total lockdown. The market volatility resulted in an immediate reduction in the fair value of the Group's investment in the Mercer unlisted open-ended investment fund. As restrictions on business operations begin to ease,

## **Rotorua Energy Charitable Trust**

### **Notes to and Forming Part of the Consolidated Financial Statements**

**For the year ended 31 March 2020**

the initial impact of Covid-19 has begun to correct itself, which can be seen within the closing value of the Mercer investment at \$150,046,000 as at 31 May 2020. However it is expected that market volatility will continue in the near to medium future.

#### **19. Contingent Liabilities**

The following conditional future grants have been approved but are subject to the applicant satisfying specific criteria:

	<b>2020 Group \$000</b>	<b>2019 Group \$000</b>
QE Health	1,000	-
	<b>1,000</b>	<b>-</b>

This grant is conditional on the balance of the funding needed being secured by QE Health to complete its proposed building development. As this time the Trust will also make available a loan of up to \$4 million on appropriate terms to assist QE Health.

#### **20. Subsequent Events**

Subject to the ongoing impacts of Covid-19 described in Note 18 and those described in Note 19, there are no material events subsequent to balance date that would have an effect on the financial statements.

# Independent Auditor's Report

To the beneficiaries of Rotorua Energy Charitable Trust

## Report on the audit of 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 19:

- i. Present fairly in all material respects the Group's financial position as at 31 March 2020 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 2020;
- The consolidated statements of comprehensive revenue and expense, changes in net assets/equity and cash flows for the year then ended; and
- Notes, including a summary of significant accounting policies and other explanatory information.



### Basis for opinion

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

We are independent of the 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.



### Use of this independent auditor's report

This independent auditor's 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 independent auditor's report, or any of the opinions we have formed.



## **Responsibilities of the Trustees for the consolidated financial statements**

The Trustees, on behalf of the Trust, 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:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/>

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



KPMG  
Tauranga

22 June 2020