

Rotorua Energy Charitable Trust

Consolidated Financial Statements contents

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CONSOLIDATED STATEMENT OF SERVICE PERFORMANCE REPORT

For the year ended 31 March 2024

This report reflects the overall performance of Rotorua Energy Charitable Trust, operating as Rotorua Trust.

WHO ARE WE, AND WHY DO WE EXIST?

OVERVIEW

We're for Rotorua | Rotorua and surrounds are our focus and priority. We are dedicated to enhancing the experiences and opportunities available to our people.

Our Kaupapa / Our Purpose

Mō tātau katoa; For All of Us



1. Provide community grants as a cornerstone of the Trust's activities.



2. Focus on impact investing to maximise return and make significant large scale social and environmental difference.



3. Continue to reflect needs of Rotorua's diverse community.



4. Connect and build relationships across the district.



5. Fill the gap between what Central Government can deliver and what the community needs.

- The Rotorua Energy Charitable Trust (Rotorua Trust) was formed in 1994 to serve the community of Rotorua. The Trust was formed by selling Rotorua Electricity Limited, with an initial capital of \$32 million.

- Originally, the Trust invested funds through a wholly owned subsidiary – Perpetual Capital Management Ltd. From April 2015, management of the Trust's investments has been undertaken by Mercer NZ Limited. Mercer's business model looks to deliver a diversified range of investments and stability of returns. This is key to being able to deliver a consistent level of grants to our community. The Trust's funds are currently allocated across a range of ethical investments including Trans-Tasman and global shares, property, infrastructure, natural resources, cash and bonds.

- The Rotorua Trust's overarching strategy has been updated to ensure it reflects Rotorua's current social and economic climate. This direction will help fill the gap between what Central Government can deliver and what the Rotorua community needs. The Trust has reviewed the areas that can make the biggest difference. Grants will continue to be a cornerstone, but there will be an additional focus on impact investing. Impact investing will allow the Trust to become more proactive with support, growing the ability to drive greater social and environmental outcomes and make a greater difference in the community.

ROTORUA TRUST'S PRIORITY TARGET AREAS FOR GRANTING



HEALTHY FAMILIES

We believe:

- Every person has a right to a safe and warm home
- When our tamariki thrive, our communities thrive
- When our people are empowered to take responsibility, their health and well-being improves



ENVIRONMENT

We believe in:

- Protecting and enhancing our taonga of lakes, rivers, flora and fauna
- Incorporating Te Ao / Mātauranga Māori approach
- A flourishing environment for every generation



EDUCATION

We believe:

- Tamariki attending school / kura regularly are ready to participate and learn
- Rangatahi with a plan towards training and employment stay engaged



STRENGTHENING COMMUNITIES

We believe in:

- Building participation and belonging creates safe and strong communities
- Embracing diversity and inclusion



VIBRANCY

We believe in:

- Supporting positive events and activities improving our community pride and well-being

JUDGEMENTS THAT HAVE THE MOST SIGNIFICANT EFFECT ON THE SELECTION, MEASUREMENT, AND AGGREGATION OF SERVICE PERFORMANCE DATA

The significant initial judgement made by trustees and management in conjunction with the Trust's investment partner, Mercer NZ Limited, is a review, analysis, and selection of appropriate investment criteria for its capital fund and subsequent asset allocation. This is required to maximise returns available to carry out the Trust's Kaupapa and fund the Trust's five priority target areas.

A Distribution Calculation formula is applied yearly to determine the annual distribution providing the Trust with funds for grants and to meet operational expenses. Trustees and management make judgements as to the proportions allocated to individual priority areas and then the selection and approval of individual grants.

Continuous judgements are based on trustees' and management's connections with the "community", its "partners" and other "stakeholders" to monitor which areas can deliver and fill the gap between what Central Government can deliver and what the community needs to make the biggest difference.

To get maximum leverage of the annual distribution, Rotorua Trust works closely with its partners and stakeholders including funding applicants, other funding organisations, Iwi and Māori organisations, community housing providers, Rotorua Lakes Council and government agencies.

WHAT DID WE DO?

GOVERNANCE OF THE PROCESS

The Trust's six trustees are elected by voters from within the voting district of the Trust on a triennial basis. They are responsible for the direction and supervision of the Trust's business. The Trust aims to help create positive change in Rotorua.

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 consider recommended grants in response to applications submitted online.



Rotorua Trust

OVERVIEW

Through the Trust's governance process in conjunction with management, team members, and external consultants, trustees delivered the following:

INVESTMENT

Rotorua Trust is a perpetual trust and trustees have worked to maximise the returns from the Trust's capital fund for current and future generations, by maintaining a socially responsible investment portfolio and investing an agreed allocation in initiatives which will deliver a positive impact in the Rotorua community.

FUNDING DISTRIBUTION

Granted \$4.5 million (2023:\$4.2 million) benefitting countless kaupapa and organisations. Funding aims to support entities with the capacity to achieve maximum community impact in the Trust's priority areas, collaborating and partnering where possible.

ADVICE & FACILITATION

Built capacity and capability in the Rotorua community by connecting people and organisations, and, where possible, removing barriers to progress.

RELATIONSHIPS & REACH

Assisted various sectors of the community in achieving their full potential by extending reach and developing opportunities for collaboration and partnership.

SCHOLARSHIP & LEADERSHIP DEVELOPMENT

Rotorua Trust supports tamariki and rangatahi through funding education initiatives, Rotorua Young Achievers' Awards and Role Model Funding.

HOW DID ROTORUA TRUST PERFORM?

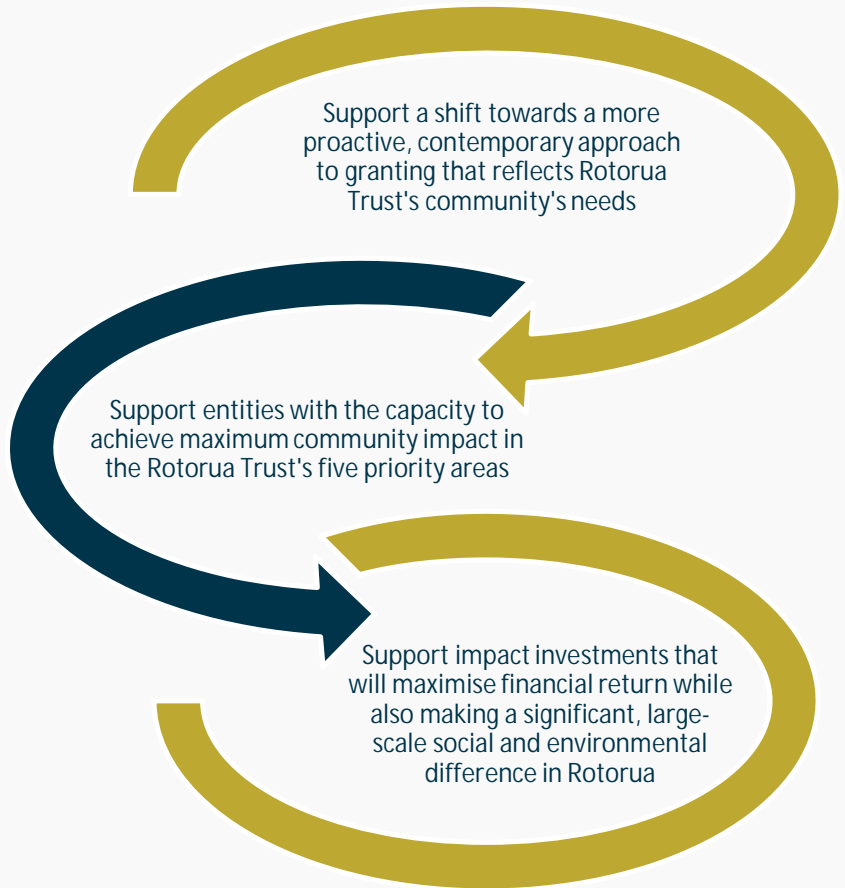
Priority Area	2023/2024			Priority Area	2022/2023				
	Grants		\$		Grants		\$		
	Requested	Approved			Requested	Approved			
1	Grants to make Rotorua more vibrant through arts, culture, and sports.	46	43	\$954,352	1	Grants to make Rotorua more vibrant through arts, culture, and sports.	46	43	\$864,606
2	Grants to focus on healthy families*.	52	48	\$1,341,972	2	Grants to focus on health and the first 1000 days.	37	37	\$430,609
3	Projects relating to a protecting and enhancing our environment.	10	8	\$243,316	3	Projects relating to energy and the environment.	10	9	\$376,856
4	Grants for education and employment opportunities.	72	62	\$1,235,120	4	Grants for education and employment opportunities	69	63	\$1,217,306
5	Projects that strengthen the community.	57	42	\$746,969	5	Projects that strengthen the community.	56	49	\$864,635
An additional grant of \$5m was dedicated to the Rotorua Museum Redevelopment, this will be paid as a \$1m per year. *A grant of \$200,000 was approved for housing, which is included above in Healthy Families.					Family Harm: One grant was approved for \$202,300 Community Facilities: One grant was approved for \$70,000 Housing: One grant was approved for \$200,000.				
\$4,521,729 invested into the community by 203 grants					\$4,206,494 invested into the community by 201 grants				

Key Financial Metrics			
		2023/2024	2022/2023
1	Trust surplus (deficit) before distribution	\$16,720,500	(\$6,147,000)
2	Increase (decrease) in trust fund*	4.6%	(6.0%)*
3	Closing trust funds	\$164,598,000	\$157,411,000
4	Allocation into investments to deliver a positive community impact	A total of \$5million dollars dedicated to the Bay of Plenty Housing Equity Fund	Two projects equaling \$4million dollars approved.
5	Total funding requested vs total funding approved	Requested - \$7.1m Approved - \$4.5m	Requested - \$5.5m Approved - \$4.2m
*	Financial markets experienced significant losses during the 2022/2023 financial year, primarily driven by central bank interest rate increases and negative market sentiment. There was a positive financial return for the 2023/2024 financial year.		

OUTLOOK FOR 2024/2025 AND BEYOND

Impact on outlook

- The Investment Committee focuses on impact investments to deliver positive community outcomes in areas of acute need including housing.
- Working with our new strategy, we will focus on our key priority areas, in particular, Healthy Families and Environment.



Rotorua Energy Charitable Trust
Consolidated Statement of Comprehensive Revenue and Expense
For the year ended 31 March 2024

	Note	2024 Group \$000	2023 Group \$000
Revenue from Exchange Transactions			
Investment Income	5	18,441	(3,495)
Other Income	21	39	4
Total Revenue		18,480	(3,491)
Expenses			
Trust Activities	6	(376)	(452)
Investment Activities	6	(784)	(782)
Depreciation	10	(25)	(22)
Interest		-	2
Trustee Fees and Expenses	15	(141)	(146)
Employee Remuneration		(434)	(357)
Concessionary loans issued – fair value adjustment (initial recognition)	13	-	(899)
Total Expenses		(1,760)	(2,657)
Surplus/(Deficit) for the year		16,720	(6,147)
Other Comprehensive revenue and expenses			
Fair value through other comprehensive revenue and expense	8c	169	(317)
Capital Gain on Disposal of Fixed Asset	8e	6	
Artwork revaluation	11	(185)	530
Other comprehensive revenue/(loss) and expense for the year		(10)	212
Total comprehensive revenue and expense for the year		16,710	(5,935)



Rotorua Energy Charitable Trust
 Consolidated Statement of Changes in Net Assets / Equity
 For the year ended 31 March 2024

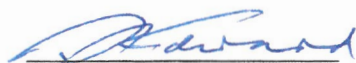
<i>NZ\$ '000</i>	Note	Perpetual Capital Reserve	Artwork Revaluation Reserve	Fair value through other comprehensive revenue and expense reserve	Grant Reserve	Accumulated revenue & expense	Total Trust funds
Balance as at 1 April 2022		153,911	2,411	1,875	400	8,849	167,446
Total Comprehensive Revenue and Expenses		-	530	(317)	-	(6,147)	(5,934)
Transfers		10,411	-	-	4,200	(14,611)	-
Grants written back		-	-	-	105	-	105
Grants approved		-	-	-	(4,206)	-	(4,206)
At 31 March 2023		164,322	2,941	1,558	499	(11,909)	157,411
Total Comprehensive Revenue and Expenses	8(b)/8(c)	-	(185)	169	-	16,726	16,710
Transfers	8(e)	9,567	-	-	9,300	(18,867)	-
Grants written back	8(d)	-	-	-	10	-	10
Grants approved	14	-	-	-	(9,532)	-	(9,532)
At 31 March 2024		173,889	2,755	1,727	277	(14,049)	164,598



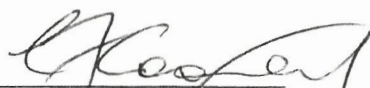
Rotorua Energy Charitable Trust
Consolidated Statement of Financial Position
As at 31 March 2024

	Note	2024 Group \$000	2023 Group \$000
Trust Funds			
Perpetual capital reserve	8a	173,889	164,322
Artwork Revaluation reserve	8b	2,755	2,941
Fair value through other comprehensive revenue and expense reserve	8c	1,727	1,558
Grant Reserve	8d	277	499
Accumulated revenue & expense	8e	(14,049)	(11,909)
TOTAL TRUST FUNDS		164,598	157,411
Represented by:			
Current Assets			
Cash and cash equivalents	7	498	1,390
Other Assets		38	32
Total Current Assets		536	1,422
Non-current Assets			
Investments	9	170,606	158,889
Property, plant and equipment	10	128	92
Artworks	11	4,697	4,883
Loans to Community Organisations	12	1,128	113
Concessionary Loans to Community Organisations	13	1,545	1,185
Total Non-current Assets		178,104	165,162
Total Assets		178,641	166,584
Current Liabilities			
Creditors		105	59
Employee Entitlements		8	19
Grants payable	14	3,780	3,095
Total Current Liabilities		3,893	3,173
Non-Current Liabilities			
Grants payable	14	10,150	6,000
Total Non-Current Liabilities		10,150	6,000
Total Liabilities		14,043	9,173
Total Net Assets		164,598	157,411

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



Stewart Edward
Chairman



Catherine Cooney
Trustee \ Chair of Investment Committee

Audit Committee



Rotorua Energy Charitable Trust
Consolidated Statement of Cash Flows
For the year ended 31 March 2024

Note	2024 Group \$000	2023 Group \$000
Cash flows from Operating Activities		
Other Income	43	44
Proceeds from sale of investments	5,956	7,474
Payments to suppliers, trustees & employees	(942)	(986)
Loan advances to community organisations	(1,215)	(4,113)
Receipt of loan repayments from community organisations	-	2,000
Grants paid	(4,686)	(4,169)
Grants Received	-	23
Net cash inflow / (outflow) from operating activities	(845)	273
Cash flows from Investing Activities		
Proceeds from sale of property, plant and equipment	27	-
Purchase of property, plant and equipment	(75)	(43)
Net cash inflow / (outflow) from investing activities	(47)	(43)
Cash flows from Financing Activities		
Loans Advanced/(Repaid)	-	-
Net cash inflow / (outflow) from financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	(892)	230
Cash and cash equivalents at the beginning of the year	1,390	1,160
Cash and Cash Equivalents at the end of the year	498	1,390

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Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2024

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 2024 comprise the controlling entity and its subsidiaries (together referred to as the 'Group'). Refer to Note 17.

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 17 July 2024.

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)
- Initial measurement of concessionary loans received (Note 13)

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 2024

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).

Concessionary Loan

The trust has estimated a market interest rate used in the fair value adjustment of the loans.

4. Accounting Policies

Changes in accounting policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

Significant Accounting Policies

Apart from the changes mentioned above, 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 17)

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 gains/(losses) on investments.



Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2024

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.

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 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 14). 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 20).

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).



Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2024

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 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*, *amortised costs* and fair value through other comprehensive revenue and expense.

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.

II. Amortised cost

Financial instruments measured at amortised cost are financial assets with fixed or determinable payments that are not quoted in an active market.



Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2024

They are subsequently measured using the effective interest method, less any impairment losses (refer *Note 4(i)*). *These* comprise cash and cash equivalents (see *Note 7*) as well as community loans (see *Note 12* and *Note 13*).

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. *Fair value through other comprehensive revenue and expense*

These 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. *They* 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 *Fair value through other comprehensive revenue and expense reserve* within net assets/equity.

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

These financial assets comprise of unlisted private equity investments.

The Trust has invested in the following private equity funds: Public Infrastructure Partners Fun, Pioneer Capital NZ Fund I, Enterprise Angels Fund 2, WNT Ventures Fund 3 and Bay of Plenty Housing Equity Fund Limited. These investments have been recognised in the Trust's Statement of Financial Position based on the Trust's share of each investment's net assets (which are all subject to fair value measurement).

Uncalled capital is disclosed further in *Note 18*.

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.

I. *Financial assets classified as fair value through other comprehensive revenue and expense*

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.



Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2024

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

I. Recognition and measurement

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

All of the Group's items of property plant and equipment are subsequently measured in accordance with the *cost model*.

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. Land is not depreciated.

The diminishing value depreciation rates are:

- Buildings	10% DV
- Motor Vehicles	20% - 30% DV
- Plant and equipment	6% - 48% SL; 10% - 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.



Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2024

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 Group, 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 as fair value through other comprehensive revenue and expense.

5. Investment Income

	2024 Group \$000	2023 Group \$000
Interest	11	74
Interest Recognised on the Concessionary Loan	160	85
Gain/(loss) on investments	18,269	(3,654)
	18,441	(3,495)

6. Expenses

	2024 Group \$000	2023 Group \$000
Trust Activities		
Advice & Facilitation	-	41
Audit Fees - KPMG	33	32
Consultants fees	104	74
Election Costs	-	100
Insurance	17	19
Legal	34	7
Occupancy Expenses	38	36
Other expenses	147	110
Public & statutory reporting	3	13
Sponsorship and promotion	1	20
Total Trust Activities	376	452
Investment Activities		
Artwork Storage	18	18
Mercer Management Fee	766	763
Total Investment Activities	784	781

Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2024

7. Cash and cash equivalents

	2024 Group \$000	2023 Group \$000
Current Assets		
Bank balances	498	1,390
Cash and cash equivalents in statement of cash flows	498	1,390

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 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 CPI adjustment is made quarterly, with a total adjustment of 5.7% being applied in 2024 (2023: 6.8%). The allocation for the current year is \$9,566,552 (2023: \$10,410,678).

	2024 Group \$000	2023 Group \$000
Opening Balance	164,322	153,911
Current year "CPI" allocation	9,567	10,411
Closing Balance	173,889	164,322

(b) Artwork Revaluation reserve

The revaluation reserve relates to the revaluation of artworks.

	2024 Group \$000	2023 Group \$000
Opening Balance	2,941	2,411
Artwork Revaluation	(185)	530
Closing Balance	2,755	2,941

Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2024

(c) Fair value through other comprehensive revenue and expense reserve

For financial assets deemed as fair value through other comprehensive revenue and expense, movements in fair value are recognised through the fair value through other comprehensive revenue and expense 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.

	2024 Group \$000	2023 Group \$000
Opening Balance	1,558	1,875
Current year net change in fair value	169	(317)
Closing Balance	1,727	1,558

(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 \$9,300,000 (2023: \$4,200,000) 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.

	2024 Group \$000	2023 Group \$000
Opening Balance	499	400
Transfer from accumulated income	9,300	4,200
Grants approved	(9,532)	(4,206)
Grants received back in cash	10	13
Grants written back	-	92
Closing Balance	277	499

Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2024

(e) Accumulated income and expense

The accumulated income and expenses 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.

	2024 Group \$000	2023 Group \$000
Opening Balance	(11,909)	8,849
Current year surplus / (Deficit)	16,720	(6,147)
Transfer to grant reserve	(9,300)	(4,200)
Transfer to perpetual capital reserve	(9,567)	(10,411)
Capital Gain on Disposal of Fixed Asset	6	-
Closing Balance	(14,049)	(11,909)

9. Investments

	2024 Group \$000	2023 Group \$000
Financial assets designated as at fair value through surplus or deficit		
Mercer unlisted open-ended investment funds	167,880	153,824
	167,880	153,824
Financial assets designated as fair value through other comprehensive revenue and expenses		
Unlisted private equity investments	2,725	5,065
	2,725	5,065
Total investments	170,606	158,889

Mercer (NZ) Ltd is the Trust investment manager. The Group holds an investment in a Mercer unlisted open-ended investment fund. The Group 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 Group also holds unlisted private equity. The Group has classified these investments as fair value through other comprehensive income. Trustees have determined that the most appropriate measurement base of fair value is based on the year end managers valuation.

Rotorua Energy Charitable Trust
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For the year ended 31 March 2024

10. Property, Plant & Equipment

	Land and Buildings \$000	Plant and Equipment \$000	Total \$000
Cost			
Balance at 1 April 2022	16	114	130
Addition	15	28	43
Disposals	-	-	-
Balance at 1 April 2023	31	142	173
Addition	-	75	75
Disposals	-	(36)	(36)
Balance at 31 March 2024	31	181	212
Accumulated Depreciation			
Balance at 1 April 2022	-	59	59
Depreciation	3	19	22
Disposals	-	-	-
Balance at 1 April 2023	3	78	81
Depreciation	3	22	25
Disposals	-	(22)	(22)
Balance at 31 March 2024	6	78	84
Net Book Value			
As at 31 March 2022	16	55	71
As at 31 March 2023	28	64	92
As at 31 March 2024	25	103	128

11. Artwork

	2024 Group \$000	2023 Group \$000
Opening balance	4,883	4,353
Revaluation	(185)	530
Closing Balance	4,697	4,883

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 and represents the value as at 31 March 2024. The artworks are maintained and stored by the Rotorua Museum of Art & History – Te Whare Taonga O Te Arawa.

12. Loans to Community Organisations

The Trust in addition to its granting activities has made loans available to various community organisations. The term of the loans varies and in certain instances security may be taken in respect of the loan.

	2024 \$000	2023 \$000
Habitat for Humanity	1,128	113
Closing Balance	1,128	113

Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2024

The loan to Habitat for Humanity has the following terms:

- Repayment Date: 20 February 2037
- Loan Terms: Secured
- Interest rate: OCR + 1%

13. Concessionary Loans to Community Organisations

During the 2023 reporting period the Trust issued a loan to an external third party, at terms and interest rates that were below market for what would have been provided for a similar loan with a similar counterparty. The purpose of the loan was to to facilitate the external third party in constructing a new premises in order for it to carry out its own charitable operations.

The loan was issued with the following terms:

- Loan principal: \$2,000,000
- Contractual interest rate: Interest rate: 0% per annum for years 1-3 of the term
Interest rate: OCR + 2% for years 4-10 of the term
- Maturity: 19 September 2033

In determining the day-one fair value of the concessionary loan issued, a market effective interest rate of 8% was used to discount all contractual cash flows of principal and interest payments back to present value. The market interest rate used was the rate that would have been obtained in the market for a loan with identical terms and counterparty risks.

A reconciliation of the opening and closing carrying amounts of the concessionary loan is provided below:

	2024 \$000	2023 \$000
Opening Balance	1,186	-
Nominal value of new loans issued	200	2,000
Fair value adjustment (initial recognition)	-	(899)
Interest Income	160	85
Closing Balance	1,546	1,186

14. Grants Payable

	2024 Group \$000	2023 Group \$000
Opening Balance - Grants payable	9,095	9,170
Grants Written back	6	(114)
Grants Paid	(4,701)	(4,168)
Grants Approved	9,532	4,206
Closing Balance - Grants payable	13,930	9,095
Represented by:		
Current	3,780	3,095
Non-Current	10,150	6,000
Closing Balance	13,930	9,095

Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2024

15. Trustees Fees and Expenses

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

	2024 Group \$000	2023 Group \$000
G Brown	21	22
T G Coffey	-	14
C Cooney	21	7
S J Edward	34	37
M Keefe	23	22
J M La Grouw	-	14
M Raukawa-Tait	21	21
F Wang	21	7
Training for Trustees and Staff	-	2
	141	146

16. 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 (2023: Nil).

	2024 Group \$000	2023 Group \$000
Salary and other payments (Excluding Trustees)	247	168
Benefits and other emoluments	-	-
Full-time equivalent managers	1	1

Refer to Note 15 for Trustee fees paid.

Other Related Parties

Trustees declared interests in relation to grants and loans approved to the following organisations during the year (see below). Interests were declared when these grants and loans were considered, and Trustees took no part in deliberations relating to organisations they had an interest in.



Rotorua Energy Charitable Trust
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For the year ended 31 March 2024

Conflicts of Interest 2023/24

Organisation	Trustee(s) and Key Management Personnel with Interest	Grants Approved during the year
		\$000s
Aratika Cancer Trust	K O'Connor, G Brown	15
Atua Awahi Community Charitable Trust	C Cooney	10
Dementia Lakes Incorporated	C Cooney	15
John Paul College	G Brown	52
Lake Okareka Community Association	F Wang, G Brown	75
Life Education Trust - Rotorua Area	F Wang	10
Mountain Bike Events Limited	G Brown, F Wang	150
Papatuanuku Support Services	S Edward	85
Rotorua Chinese Chamber of Commerce	F Wang	15
Rotorua Community Youth Centre Trust (Taiohi Tūrama - Rotorua)	F Wang	30
Rotorua Lakes Council	G Brown, F Wang	20
Rotorua Lakes Council - Rotorua Museum	G Brown, F Wang	5,000
Rotorua Lakeside Concert Charitable Trust	K O'Connor	100
Rotorua Mountain Bike Club	G Brown	40
Rotorua Stockcar Club	K O'Connor	60
Rotorua Sustainable Charter	F Wang	25
Rotorua Young Achievers Awards	K O'Connor	8
Te Atawhai Aroha Compassionate Communities Ro	C Cooney	20
		5,730

Organisation	Trustee(s) and Key Management Personnel with Interest	Loans Approved during the year
		\$000s
QE Health Community Trust	S Edward	213

17. Group Entities Subsidiaries

The entities in the Group are as follows:

	Ownership Interest	
	2024	2023
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.

18. Commitments & Guarantees

The Group made an initial capital commitment in WNT Ventures Fund 3 for \$1,000,000 in the 2022 financial year, of which \$534,000 is uncalled to date (2023: \$677,000 uncalled).

The group made an initial capital commitment in the Bay of Plenty Housing Equity Fund for \$5,000,000 in the 2024 financial year, of which \$4,900,000 is uncalled to date (2023: Nil uncalled)



Rotorua Energy Charitable Trust
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2024

19. Subsequent Events

There are no material events subsequent to balance date that would have an effect on the financial statements.

20. Contingent Liabilities and Commitments

	2024 Group \$000	2023 Group \$000
Multi Year Grants	1,075	90
	1,075	90

As at 31 March 2024, the Trust had the above contingent liabilities which relate to multi year grants. These grants are approved by the board in their entirety; however each subsequent year of funding is subject to receiving satisfactory accountability reports. As at 31 March 2024, the accountability reports for nine of these grants had not yet been received.

21. Other Income

	2024 Group \$000	2023 Group \$000
Expense Reimbursement	-	4
Sundry Income	3	-
Interest Income - Loans	29	-
Depreciation Recovered	8	-
Total Other Income	39	4

Rotorua Energy Charitable Trust

Independent auditor's report to the Trustees

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Rotorua Energy Charitable Trust (the "trust"), and its subsidiaries (together, the "group") which comprise the consolidated statement of financial position as at 31 March 2024, consolidated statement of service performance, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion:

- a. the reported aims and objectives, and quantification of the objectives to the extent practicable, in the statement of service performance are suitable.
- b. the accompanying consolidated financial statements give a true and fair view of:
 - the service performance for the year then ended 31 March 2024
 - the financial position of Rotorua Energy Charitable Trust as at 31 March 2024 and of its financial performance, and cash flows for the year then ended

in accordance with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime (IPSAS RDR).

Basis for Opinion

We conducted our audit of the consolidated statement of comprehensive revenue and expense, consolidated statement of financial position, consolidated statement of cash flows, statement of accounting policies and notes to the consolidated financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)), and the audit of the consolidated statement of service performance in accordance with the International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised).

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Other Matter

The consolidated financial statements for the year ended 31 March 2023 were audited by KPMG. KPMG issued an unqualified opinion on 30 June 2023. The information in the consolidated financial statements for the year ended 31 March 2023 forms part of the consolidated financial statements for the year ended 31 March 2024.

Responsibilities of the Trustees

The trustees are responsible on behalf of the group for:

- a. Identifying outcomes and outputs, and quantifying the outputs to the extent practicable, that are relevant, reliable, comparable and understandable, to report in the statement of service performance.
- b. the preparation of consolidated financial statements on behalf of the group that give a true and fair view, which comprise:
 - the consolidated statement of service performance
 - the consolidated statement of comprehensive revenue and expense, statement of financial position, statement of cash flows, statement of accounting policies and notes to the consolidated financial statements

in accordance with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime (IPSAS RDR) issued by the New Zealand Accounting Standards Board, and

- c. for such internal control as the trustees determine are necessary to enable the preparation of the consolidated financial statements that is free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the trustees are responsible on behalf of the group for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group 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 objectives are to obtain reasonable assurance about whether the consolidated financial statements is as a whole free from material misstatement, whether due to fraud or error, and to issue an 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) and ISAE (NZ) 3000 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 this consolidated financial statements.

As part of an audit in accordance with ISAs (NZ) and ISAE (NZ) 3000 (Revised), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Obtain an understanding of the process applied by the entity to select what and how to report its service performance
- Evaluate whether the service performance criteria are suitable so as to result in service performance information that is in accordance with the applicable financial reporting framework.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements and service performance information, including the disclosures, and whether the financial statements and service performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement director on the audit resulting in this independent auditor's report is Richard Dey.

Restriction on Distribution and Use

This report is made solely to the trustees, as a body. Our audit work has been undertaken so that we might state to the trustees those matters which we are required to state to them in an 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 group and the trustees, as a body, for our audit work, for this report or for the opinions we have formed.



William Buck Audit (NZ) Limited

Tauranga
17 July 2024