

Rotorua Energy Charitable Trust Group

Consolidated Financial Report contents

Consolidated Statement of Service Performance	1-7
Consolidated Statement of Comprehensive Revenue and Expense	8
Consolidated Statement of Changes in Net Assets/Equity	9
Consolidated Statement of Financial Position	10
Consolidated Statement of Cash Flows	11
Notes to and forming part of the consolidated financial statements	12-26
Independent Auditors report	27-29

CONSOLIDATED STATEMENT OF SERVICE PERFORMANCE REPORT

For the year ended 31 March 2025

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 | 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 established in 1994 to serve the community of Rotorua. Initially, the Trust was formed by selling Rotorua Electricity Limited, with an initial capital of \$32 million. Over the years, the Rotorua Trust's capital has grown, whilst the amount invested back into the Rotorua community has been over \$130 million.
- The Trust initially invested its funds through a wholly owned subsidiary, Perpetual Capital Management Ltd. However, from April 2015, Mercer NZ Limited has been managing the Trust's investments. Mercer's business model focuses on providing a diversified portfolio of investments and ensuring stable returns. This approach is crucial for maintaining a consistent level of grants to our community. The Trust's funds are currently allocated across various 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 six trustees of the Trust are elected by voters residing within the Trust's voting district every three years. These trustees hold the responsibility for the strategic direction and oversight of the Trust's business. The Trust aims to help create positive change in Rotorua.

In fulfilling its responsibilities, the Board approves the adoption of strategies and objectives and assesses the performance of the Trust in relation to these objectives. They also approve the operating and grant budgets and consider the recommended grants in response to applications submitted online.

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 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?

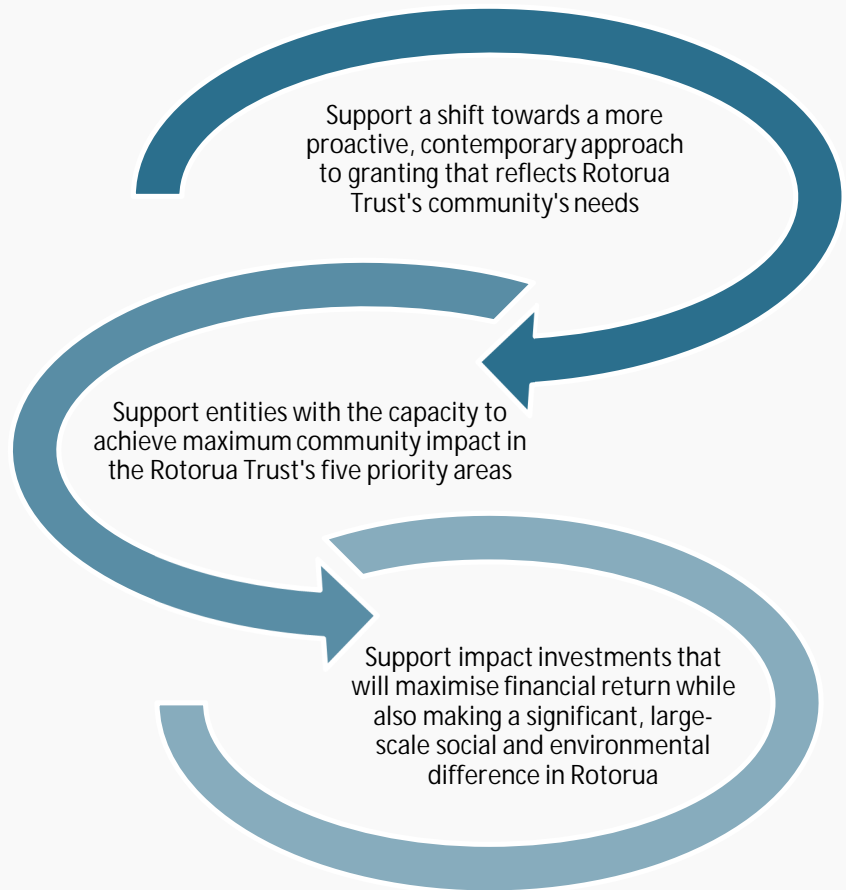
Priority Area		2024/2025			Priority Area		2023/2024		
		Grants		\$			Grants		\$
		Requested	Approved				Requested	Approved	
1	Grants to make Rotorua more vibrant through arts, culture, and sports.	43	41	\$880,272	1	Grants to make Rotorua more vibrant through arts, culture, and sports.	46	43	\$954,352
2	Grants to focus on healthy families.	55	50	\$809,141	2	Grants to focus on health and the first 1000 days.	52	48	\$1,341,972
3	Projects relating to protecting and enhancing our environment.	13	11	\$292,516	3	Projects relating to energy and the environment.	10	8	\$243,316
4	Grants for education and employment opportunities.	77	73	\$988,508	4	Grants for education and employment opportunities.	72	62	\$1,235,120
5	Projects that strengthen the community.	82	70	\$1,564,035	5	Projects that strengthen the community.	57	42	\$746,969
The annual grant of \$1m was paid towards the Museum restoration. The total grant of \$15m is being paid at \$1m per year from September 2020.					An additional grant of \$5m was dedicated to the Rotorua Museum restoration project, which will be paid as \$1m per year.				
\$4,534,473 invested into the community by 245 grants					\$4,521,729 invested into the community by 203 grants				

Key Financial Metrics			
		2024/2025	2023/2024
1	Trust surplus (deficit) before distribution	\$7,282,000	\$16,720,500
2	Increase (decrease) in trust fund*	1.7%	4.4%
3	Closing trust funds	\$167,387,000	\$164,598,000
4	Allocation into investments to deliver a positive community impact	An allocation of \$500,000 was provided to QE Health as an impact investment loan.	A total of \$5million dollars dedicated to the Bay of Plenty Housing Equity Fund
5	Total funding requested vs total funding approved**	Requested - \$9.2m Approved - \$4.5m	Requested - \$7.1m Approved - \$4.5m
6	Te Whare Taonga o Te Arawa / Rotorua Museum**	Museum Restoration \$1m p.a.	Museum Restoration \$1m p.a.
*	The Trust achieved an overall positive financial return on investment for the year. This was tracking higher prior to the US elections which negatively impacted the markets in February and March 2025.		
**	In the 2024 financial year, an additional grant of \$5m was approved and dedicated to the Rotorua Museum Restoration, and this is being paid at \$1m per year.		

OUTLOOK FOR 2025/2026 AND BEYOND

Impact on outlook

- The Investment Committee focuses on impact investments to deliver positive community outcomes in areas of acute need, including housing.
- With our work, we will prioritise our key areas, particularly Healthy Families and Environment.



Rotorua Energy Charitable Trust Group
Consolidated Statement of Comprehensive Revenue and Expense
For the year ended 31 March 2025

	Note	2025 Group \$000	2024 Group \$000
Investment Revenue	5	8,937	18,470
Other Revenue	6	-	10
Total Revenue		8,937	18,480
Trust Activities	7	(315)	(376)
Investment Activities	7	(734)	(784)
Depreciation	8	(23)	(25)
Trustee Fees and Expenses	9	(152)	(141)
Employee Remuneration		(432)	(434)
Total Expenses		(1,656)	(1,760)
Surplus/(Deficit) for the year		7,282	16,720
Other Comprehensive revenue and expenses			
Investments at fair value through other comprehensive revenue and expense	11c	(227)	169
Gain on Disposal of Fixed Asset	11e	-	6
Artwork revaluation	12	268	(185)
Other comprehensive (loss)/revenue for the year		41	(10)
Total comprehensive revenue and expense for the year		7,322	16,710

Rotorua Energy Charitable Trust Group

Consolidated Statement of Changes in Net Assets / Equity

For the year ended 31 March 2025

NZ\$ '000		Perpetual	Artwork	Fair value through other	Grant Reserve	Accumulated	Total Trust
	Note						
Balance as at 1 April 2023		164,322	2,941	1,558	499	(11,909)	157,411
Total Comprehensive Revenue and Expenses		-	(185)	169	-	16,726	16,710
Transfers		9,567	-	-	9,300	(18,867)	-
Grants written back		-	-	-	10	-	10
Grants approved		-	-	-	(9,532)	-	(9,532)
At 31 March 2024		173,889	2,755	1,727	277	(14,049)	164,598
Total Comprehensive Revenue and Expenses	11(b)/11(c)	-	268	(227)	-	7,282	7,321
Transfers	11(e)	2,434	-	-	4,530	(6,964)	-
Grants written back	11(d)	-	-	-	46	-	46
Grants approved	16	-	-	-	(4,578)	-	(4,578)
At 31 March 2025		176,322	3,023	1,499	275	(13,731)	167,387

Rotorua Energy Charitable Trust Group
Consolidated Statement of Financial Position
As at 31 March 2025

	Note	2025 Group \$000	2024 Group \$000
Trust Funds			
Perpetual capital reserve	11a	176,322	173,889
Artwork Revaluation reserve	11b	3,023	2,755
Fair value through other comprehensive revenue and expense reserve	11c	1,499	1,727
Grant Reserve	11d	275	277
Accumulated revenue & expense reserve	11e	(13,731)	(14,049)
TOTAL TRUST FUNDS		167,387	164,598
Represented by:			
Current Assets			
Cash and cash equivalents	13	592	498
Other Assets		39	38
Total Current Assets		631	536
Non-current Assets			
Investments	14a/14b	171,214	170,606
Property and equipment	8	116	128
Artworks	12	4,965	4,697
Loans to Community Organisations	15	1,209	1,128
Concessionary Loans to Community Organisations	10	2,005	1,545
Total Non-current Assets		179,509	178,104
Total Assets		180,140	178,641
Current Liabilities			
Trade and other payables		49	113
Grants payable	16	3,704	3,780
Total Current Liabilities		3,753	3,893
Non-Current Liabilities			
Grants payable	16	9,000	10,150
Total Non-Current Liabilities		9,000	10,150
Total Liabilities		12,753	14,043
Total Net Assets		167,387	164,598

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



Stewart Edward

Chairman



Catherine Cooney

Trustee/Chair of Investment Committee

Rotorua Energy Charitable Trust Group
Consolidated Statement of Cash Flows
For the year ended 31 March 2025

	Note	2025 Group \$000	2024 Group \$000
Cash flows from Operating Activities			
Other Income	5	81	43
Proceeds from sale of investments		7,091	5,956
Payments to suppliers, trustees & employees	7/17	(929)	(942)
Loan advances to community organisations		(81)	(1,215)
Receipt of loan repayments from community organisations		-	-
Grants paid		(5,758)	(4,686)
Prior year grant refund received		1	-
Net cash inflow / (outflow) from operating activities		405	(845)
Cash flows from Investing Activities			
Proceeds from sale of property, plant and equipment	8	1	27
Loans to community organisations	10	(500)	-
Purchase of property, plant and equipment	8	(13)	(75)
Net cash inflow / (outflow) from investing activities		(512)	(47)
Cash flows from Financing Activities			
Loans Advanced/(Repaid)	10	200	-
Net cash inflow / (outflow) from financing activities		200	-
Net increase / (decrease) in cash and cash equivalents		93	(892)
Cash and cash equivalents at the beginning of the year		498	1,390
Cash and Cash Equivalents at the end of the year	13	592	498

Rotorua Energy Charitable Trust Group
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2025

1. Reporting Entity

The Rotorua Energy Charitable Trust Group (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 2025 comprise the controlling entity and its controlled entities (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, where disclosure concessions are applied where considered appropriate.

The Group qualifies as a Tier 2 reporting entity as in one of the previous two years it has had between \$5m and \$33m operating expenditure and is not publicly accountable.

These financial statements were authorised for issue by the Trustees on 10 July 2025.

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, or otherwise noted, which are measured at fair value:

- Investments (Note 14)
- Artworks (Note 12)

c) Functional and presentation currency

The financial statements are presented in New Zealand dollars (\$NZD) which is the Trust's functional currency and presentation currency, rounded to the nearest thousand, of the Group. There has been no change in the functional currency of the Trust, or reporting 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.

Rotorua Energy Charitable Trust Group
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2025

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.

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. Accounting Policies

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 18)

Controlled entities are entities controlled by the Group. The Group controls an entity if all of the three elements are present: power over the entity, exposure to variable returns from the entity, and the ability of the Group to use its power to affect those variable returns. 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 and valuation gains/(losses) 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

Rotorua Energy Charitable Trust Group
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2025

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. Fair Value Gains or Losses

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 16). 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 Group ("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 wholly 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.

Rotorua Energy Charitable Trust Group
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2025

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.

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 13*) as well as community loans (see *Note 15*).

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.

Rotorua Energy Charitable Trust Group
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2025

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.

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 19.

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.

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.

h) Property, motor vehicles and equipment

I. Recognition and measurement

Items of property, motor vehicles, 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, motor vehicle and equipment, depreciation is based on the cost of an asset less its residual value.

Rotorua Energy Charitable Trust Group
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2025

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	10% DV
-	Motor Vehicles	20% - 30% DV
-	Office Furniture & Equipment	6% - 48% SL; 10% - 67% DV

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

i) Artwork

The artwork is measured using the revaluation basis. 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.

j) 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.

k) 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.

Rotorua Energy Charitable Trust Group
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2025

5. Investment Revenue

	2025 Group \$000	2024 Group \$000
Interest - Bank	19	11
Interest Recognised on the Concessionary Loan	160	160
Interest Income - Loans	62	29
Gain/(loss) on investments	8,696	18,269
	<u>8,937</u>	<u>18,470</u>

6. Other Revenue

	2025 Group \$000	2024 Group \$000
Sundry Income	-	3
Gain on Sale of Asset	-	8
Total Other Income	<u>-</u>	<u>10</u>

7. Expenses

	2025 Group \$000	2024 Group \$000
Trust Activities		
Audit Fees - William Buck (2024: KPMG)	18	33
Consultants fees	52	104
Insurance	18	17
Legal	2	34
Occupancy Expenses	43	38
Other expenses	176	147
Public & statutory reporting	2	3
Sponsorship and promotion	4	1
Total Trust Activities	<u>315</u>	<u>376</u>
Investment Activities		
Artwork Storage	(37)	18
Mercer Management Fee	770	766
Total Investment Activities	<u>734</u>	<u>784</u>

Rotorua Energy Charitable Trust Group
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2025

8. Property, Motor Vehicles & Equipment

	Leasehold Improvements \$000	Motor Vehicles and Equipment \$000	Total \$000
Cost			
Balance at 1 April 2023	31	142	173
Addition	-	75	75
Disposals	-	(36)	(36)
Balance at 1 April 2024	31	181	212
Addition	-	13	13
Disposals	-	(1)	(1)
Balance at 31 March 2025	31	193	224
Accumulated Depreciation			
Balance at 1 April 2023	3	78	81
Depreciation	3	22	25
Disposals	-	(22)	(22)
Balance at 1 April 2024	6	78	84
Depreciation	2	22	23
Disposals	-	-	-
Balance at 31 March 2025	8	100	107
Net Book Value			
As at 31 March 2023	28	64	92
As at 31 March 2024	25	103	128
As at 31 March 2025	23	93	116

9. Trustees Fees and Expenses

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

	2025 Group \$000	2024 Group \$000
G Brown	22	21
C Cooney	22	21
S J Edward	38	34
M Keefe	26	23
M Raukawa-Tait	22	21
F Wang	22	21
	152	141

10. 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 facilitate the external third party in constructing a new premises in order for it to carry out its own charitable operations.

Rotorua Energy Charitable Trust Group
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2025

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:

	2025 \$000	2024 \$000
Opening Balance	1,545	1185
Nominal value of new loans issued	500	200
Nominal value of loans paid	(200)	-
Interest Income	160	160
Closing Balance	2,005	1,545

11. Reserves

The Rotorua Energy Charitable Trust Group 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 CPI adjustment is made quarterly, with a total adjustment of 2.5% being applied in 2025 (2024: 5.7%). The allocation for the current year is \$2,433,664(2024: \$9,566,552).

	2025 Group \$000	2024 Group \$000
Opening Balance	173,889	164,322
Current year "CPI" allocation	2,434	9,567
Closing Balance	176,322	173,889

Rotorua Energy Charitable Trust Group
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2025

(b) Artwork Revaluation reserve

The revaluation reserve relates to the revaluation of artworks.

	2025 Group \$000	2024 Group \$000
Opening Balance	2,755	2,941
Artwork Revaluation	268	(185)
Closing Balance	3,023	2,755

(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 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.

	2025 Group \$000	2024 Group \$000
Opening Balance	1,727	1,558
Current year net change in fair value	(227)	169
Closing Balance	1,499	1,727

(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 \$4,530,000 (2024: \$9,300,000) 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.

	2025 Group \$000	2024 Group \$000
Opening Balance	277	499
Transfer from accumulated income	4,530	9,300
Grants approved	(4,578)	(9,532)
Grants received back in cash	44	10
Prior year grant written off	2	-
Closing Balance	275	277

(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 Group
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2025

	2025 Group \$000	2024 Group \$000
Opening Balance	(14,049)	(11,909)
Current year surplus / (Deficit)	7,282	16,720
Transfer to grant reserve	(4,530)	(9,300)
Transfer to perpetual capital reserve	(2,434)	(9,567)
Capital Gain on Disposal of Fixed Asset	-	6
Closing Balance	(13,731)	(14,049)

12. Artwork

	2025 Group \$000	2024 Group \$000
Opening balance	4,697	4,883
Revaluation	268	185
Closing Balance	4,965	4,697

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. Aside from current market trends and prices realised, they have also taken into account the cultural, environmental, educational and historical value of each piece in their methodology. The artworks are maintained and stored by the Rotorua Museum of Art & History – Te Whare Taonga O Te Arawa.

13. Cash and cash equivalents

	2025 Group \$000	2024 Group \$000
Current Assets		
Bank balances	592	498
Cash and cash equivalents in statement of cash flows	592	498

There are no restrictions over any of the cash and cash equivalent balances held by the Group. Bank balances are held in a mix of non-interest bearing and interest bearing bank accounts and varying interest terms.

14. Investments

(a) Mercer unlisted open-ended investment funds

	2025 Group \$000	2024 Group \$000
Financial assets designated as at fair value through surplus or deficit		
Mercer unlisted open-ended investment funds		
Opening balance	167,881	153,824
Distributions		
Withdrawals	(7,000)	(3,500)
Revaluations	8,008	17,557
Closing balance	168,889	167,881

Rotorua Energy Charitable Trust Group
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2025

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.

(b) Unlisted private equity investments

	2025 Group \$000	2024 Group \$000
Financial assets designated as fair value through other comprehensive revenue and expenses		
Unlisted private equity investments	2,325	2,725
	<u>2,325</u>	<u>2,725</u>
 Total Investments	 <u>171,214</u>	 <u>170,606</u>

The Group also holds unlisted private equity. The Group has classified these investments as fair value through other comprehensive revenue and expense. Trustees have determined that the most appropriate measurement base of fair value is the Group's equity interest in the fair value of the investment, where available, otherwise the Group's equity interest in the Net Tangible Assets of the investment as reported in the most recently prepared financial statements of the investment entity.

For the Group's investment in WNT Ventures Fund 3, management have applied a discount to the fair value of one of the investments due to uncertainty on one of the assumptions used in the fair value calculation.

15. 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.

	2025 \$000	2024 \$000
Habitat for Humanity	1,209	1,128
Closing Balance	<u>1,209</u>	<u>1,128</u>

The loans to Habitat for Humanity has the following terms:

- Repayment Date: 20 February 2037
- Loan Terms: Secured by the Mortgages over any Properties acquired by the Borrower where the Borrower intends to use this Facility to cover the costs of development of those Properties consistent with the Purpose.
- Interest rate: OCR + 1%

Rotorua Energy Charitable Trust Group
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2025

16. Grants Payable

	2025 Group \$000	2024 Group \$000
Opening Balance - Grants payable	13,930	9,095
Grants Written back	(2)	6
Grants Paid	(5,802)	(4,701)
Grants Approved	4,578	9,532
Closing Balance - Grants payable	12,704	13,930
Represented by:		
Current	3,704	3,780
Non-Current	9,000	10,150
Closing Balance	12,704	13,930

17. Related Parties

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

	2025 Group \$000	2024 Group \$000
Salary and other payments (Excluding Trustees)	206	247
Full-time equivalent managers	1	1

Refer to Note 9 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 Group

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended 31 March 2025

Conflicts of Interest 2024/25
Organisation

Trustee(s) and Key
Management Personnel
with Interest

Grants Approved
during the year

Performing Art Trust	M Kusabs	30,000
Aratika Cancer Trust*	K O'Connor, G Brown	15,000
Atua Awhi Community Charitable Trust	C Cooney	20,000
Dementia Lakes Incorporated	C Cooney	15,000
Te Koutu Kohanga Reo	S Edward	15,000
Tautoko Mai	B Gilbert	5,000
Tipu Waiairiki	G Brown	26,000
QE Health Trust	S Edward	500,000
Rotorua Little Theatre	M Kusabs	30,000
Rotorua Lakes Council*	G Brown, F Wang	31,142
Rotorua Cricket Association	M Kusabs	10,000
Creative Rotorua Co-op	C Cooney	25,840
Te Atawhai Aroha Compassionate Communities Rotorua Trust	C Cooney	20,000
Rotorua Sustainable Charter	F Wang	25,000
Rotorua Lakeside Concert Charitable Trust	K O'Connor	100,000
Rotorua Mountain Bike Club	G Brown	100
Rotorua Community Youth Centre Trust (Taiohi Tūrama - Rotorua Centre for Youth)	F Wang	100,000
Te Atawhai Aroha Compassionate Communities Rotorua Trust	C Cooney	20,000
Rotorua Young Achievers Awards	K O'Connor	11,000
Rotorua Community Youth Centre Trust (Taiohi Tūrama - Rotorua Centre for Youth)	F Wang	70,000
Rotorua Chamber of Commerce	M Keefe	0
* Separated items		
Rotorua Lakes Council	G Brown, F Wang	\$2,079
Rotorua Lakes Council	G Brown, F Wang	\$300,000
Mountain Bike Events Limited*	G Brown, F Wang	\$100,000
John Paul College	G Brown	\$22,950
John Paul College	G Brown	\$5,250
John Paul College	G Brown	\$8,000
John Paul College	G Brown	\$3,750

18. Group Entities Subsidiaries

The entities in the Group are as follows:

	Ownership Interest	
	2025	2024
Rotorua Trust Perpetual Capital Fund Limited	100%	100%
Thirteen Fifty Eight Investments Limited	0%	100%

All Subsidiary companies are incorporated in New Zealand and have a reporting date of 31 March. Thirteen Fifty Eight Investments Limited has ceased within the 2025 financial year.

19. 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 \$242,000 is uncalled to date (2024: \$534,000 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 (2024: \$4,900,000 uncalled)

Rotorua Energy Charitable Trust Group
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2025
20. Contingent Liabilities and Commitments

	2025 Group \$000	2024 Group \$000
Multi Year Grants	860	1,075
	<u>860</u>	<u>1,075</u>

As at 31 March 2025, 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 2025, the accountability reports for three of these grants had not yet been received.

21. Subsequent Events

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

Independent auditor's report to the Trustees of Rotorua Energy Charitable Trust

Report on the audit of the financial report



Our opinion on the financial report

In our opinion, the accompanying consolidated financial report of Rotorua Energy Charitable Trust (the Entity) and its subsidiaries (the Group), presents fairly, in all material respects:

- the consolidated financial position of the Group as at 31 March 2025, and its consolidated financial performance, and its consolidated cash flows for the year then ended; and
- the service performance for the year ended 31 March 2025 in that the service performance information is appropriate and meaningful and prepared in accordance with the Group's measurement bases or evaluation methods

in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

What was audited?

We have audited the consolidated financial report of the Group, which comprises the consolidated financial statements on pages 8 to 11, and the service performance information on pages 1 to 7. The complete set of consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 March 2025,
- the consolidated statement of comprehensive revenue and expense and the consolidated statement of other comprehensive revenue and expense for the year then ended,
- the consolidated statement of changes in net assets/equity for the year then ended,
- the consolidated statement of cash flows for the year then ended, and
- notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the service performance information in accordance with the ISAs (NZ) and New Zealand Auditing Standard NZ AS 1 (Revised) *The Audit of Service Performance Information*. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial report* 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 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.

Responsibilities of the Trustees for the consolidated financial report

The Trustees are responsible on behalf of the Group for:

- The preparation, and fair presentation of the consolidated financial report in accordance with the applicable financial reporting framework;
- The selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods that present service performance information that is appropriate and meaningful in accordance with the applicable financial reporting framework;
- The preparation and fair presentation of service performance information in accordance with the Group's measurement bases or evaluation methods, in accordance with the applicable financial reporting framework;
- The overall presentation, structure and content of the service performance information in accordance with the applicable financial reporting framework; and
- Such internal control as the Trustees determine is necessary to enable the preparation of a consolidated financial report that is free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial report, the Trustees are responsible 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 report

Our objectives are to obtain reasonable assurance about whether the financial report/performance report as a whole is 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 NZ AS 1 (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 or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this consolidated financial report.

A further description of our responsibilities for the audit of the performance report is located at the External Reporting Board's website:

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

This description forms part of our auditor's report.

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

Restriction on Distribution and Use

This independent auditor's 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 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 trustees, as a body, for our audit work, this independent auditor's report, or for the opinions we have formed.



William Buck Audit (NZ) Limited
Tauranga, 10 July 2025