

Rotorua Energy Charitable Trust Group

Consolidated Financial Report contents

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CONSOLIDATED STATEMENT OF SERVICE PERFORMANCE REPORT

For the year ended 31 March 2026

This report summarises 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 the 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 Whānau Ora

We believe:

- Every person has a right to a safe and warm home
- When our tamariki thrive, our communities thrive
- Empowering people leads to improved health and well-being



Environment Taiao Ora

We believe:

- Protecting and enhancing our taonga – lakes, rivers, flora and fauna
- Incorporating a Te Ao / Mātauranga Māori approach
- Nurturing a flourishing environment for current and future generations



Education Ako Ora

We believe:

- Providing opportunities for tamariki and rangatahi to be engaged in education and learning



Strengthening Communities Hapori Ora

We believe:

- Community participation and connection
- Uplifting our people, embracing diversity and inclusion



Vibrancy Wairua Ora

We believe:

- Events and activities to bring people together
- Celebrating creativity, culture, and shared experiences that contribute to well-being

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

A key initial judgement made by trustees and management, alongside the Trust's investment partner, Mercer NZ Limited, is the review, analysis, and selection of appropriate investment criteria for its capital fund and the resulting asset allocation. This is required to maximise returns available to deliver the Trust's Kaupapa and support the Trust's five priority target areas.

A Distribution Calculation formula is applied annually to determine the Trust's yearly distribution, providing funds for grants as well as operational costs. Trustees and management exercise judgement over the proportions allocated to each priority area, followed by the selection and approval of individual grants.

Ongoing judgements are informed by trustees' and management's connections with the community, partners, and other stakeholders, helping to identify where the Trust can add the greatest value and help address gaps between what central government can deliver and what the community needs.

To maximise the impact of the annual distribution, Rotorua Trust works closely with 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 residing within the Trust's voting district every three years. The trustees are responsible for setting the Trust's strategic direction and providing oversight of its operations. The Trust aims to help create positive change in Rotorua.

In fulfilling its responsibilities, the Board approves the adoption of strategies and objectives and monitors the Trust's performance against these. The Board also approves the operating and grants budgets and considers recommended grants in response to applications submitted online.

OVERVIEW

Through the Trust's governance processes, supported by 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 \$4.47 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?

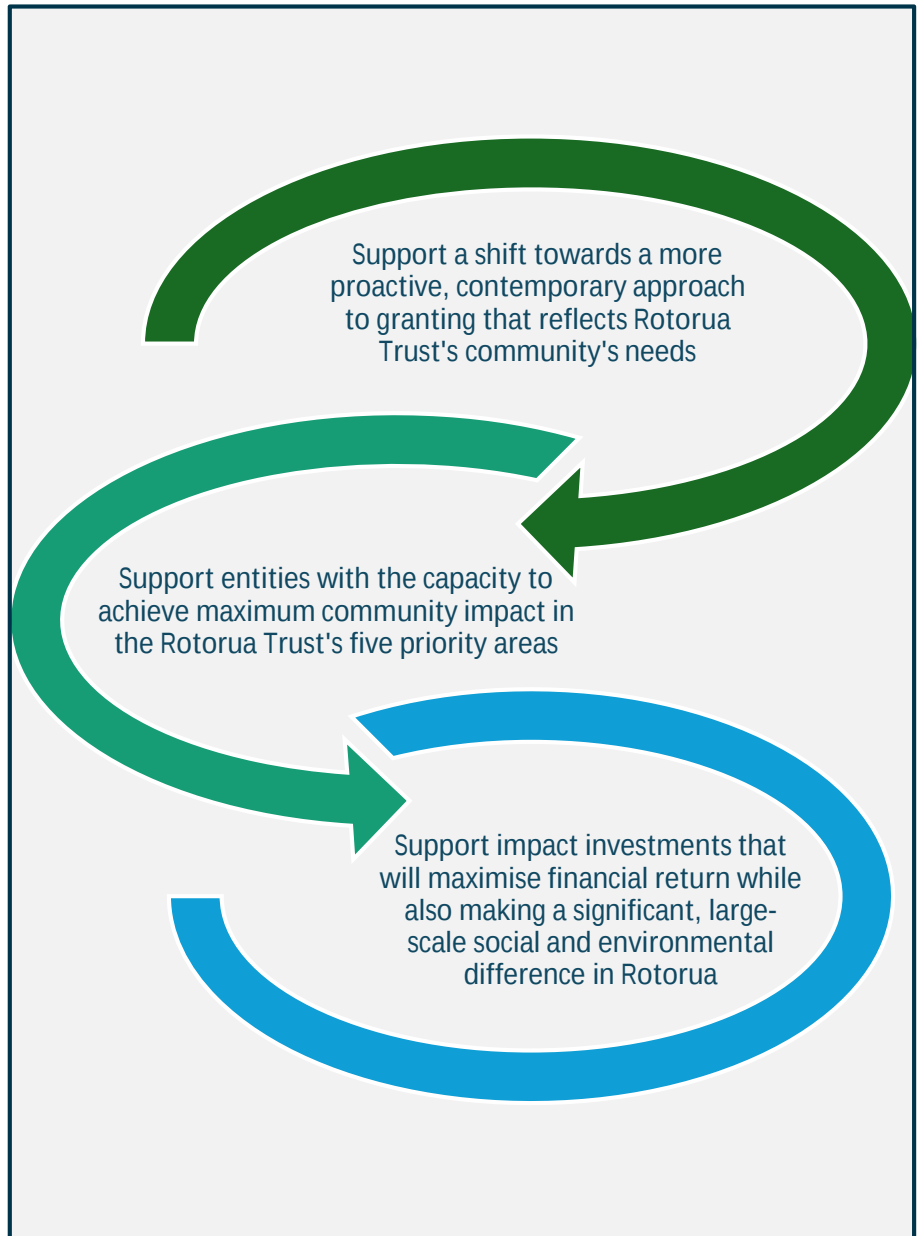
2025/2026				2024/2025			
Priority Area	Grants		\$	Priority Area	Grants		\$
	Requested	Approved			Requested	Approved	
1 Grants to make Rotorua more vibrant through arts, culture, and sports	45	40	\$901,606	1 Grants to make Rotorua more vibrant through arts, culture, and sports	43	41	\$880,272
2 Grants to focus on healthy families	46	39	\$692,801	2 Grants to focus on health and the first 1000 days	55	50	\$809,141
3 Projects relating to protecting and enhancing our environment	13	12	\$313,598	3 Projects relating to energy and the environment	13	11	\$292,516
4 Grants for education and employment opportunities	54	50	\$1,046,651	4 Grants for education and employment opportunities	77	73	\$988,508
5 Projects that strengthen the community.	89	78	\$1,516,907	5 Projects that strengthen the community	82	70	\$1,564,035
<i>Total</i>	<i>247</i>	<i>219</i>	<i>\$4,471,563</i>	<i>Total</i>	<i>270</i>	<i>245</i>	<i>\$4,534,472</i>
An additional \$2m grant was paid towards the Museum restoration. A total of \$5m has now been paid.				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.			
\$4,471,563 invested into the community by 219 grants				\$4,534,472 into the community by 245 grants			

Key Financial Metrics			
		2025/2026	2024/2025
1	Trust surplus (deficit) before distribution	\$11,767,000	\$7,282,000
2	Increase (decrease) in trust fund*	3.6%	1.7%
3	Closing trust funds	\$173,456,000	\$167,387,000
4	Allocation into investments to deliver a positive community impact	A further \$791,000 was provided to Habitat for Humanity, taking the total loan to \$2.0m.	An allocation of \$500,000 was provided to QE Health as an impact investment loan.
5	Total funding requested vs total funding approved	Requested - \$6.5m Approved - \$4.5m	Requested - \$9.2m Approved - \$4.5m
6	Te Whare Taonga o Te Arawa / Rotorua Museum	Museum Restoration \$2m.	Museum Restoration \$1m p.a.
*	The Trust achieved an overall positive financial return on investment for the year. Performance had been tracking higher earlier in the year, before the changing geopolitical situation which negatively impacted markets in February and March 2026.		

OUTLOOK FOR 2026/2027 AND BEYOND

Impact on outlook

- The Investment Committee will continue to consider the use of the Trust's capital in supporting long-term outcomes for Rotorua, with regard to the potential for measurable community benefit.
- From 2026/2027, funding and partnership activity will continue to take account of prevention and impact considerations alongside core granting. An ongoing focus on Healthy Families and the Environment will be maintained, together with support for initiatives that contribute to connectedness, learning, and opportunity.



Rotorua Energy Charitable Trust Group
Consolidated Statement of Comprehensive Revenue and Expense
For the year ended 31 March 2026

	Note	2026 Group \$000	2025 Group \$000
Investment Revenue	5	16,110	8,937
Other Revenue	6	1	-
Total Revenue		<u>16,111</u>	<u>8,937</u>
Trust Activities	7	(454)	(315)
Investment Activities	7	(728)	(734)
Depreciation	8	(22)	(23)
Trustee Fees and Expenses	9	(168)	(152)
Employee Remuneration		(472)	(432)
Concessionary Loans Written Off	10	(2,500)	-
Total Expenses		<u>(4,344)</u>	<u>(1,656)</u>
Surplus/(Deficit) for the year		<u>11,767</u>	<u>7,282</u>
Other Comprehensive revenue and expenses			
Investments at fair value through other comprehensive revenue and expense	11c	(1,355)	(227)
Artwork revaluation	12	61	268
Other comprehensive (loss)/revenue for the year		<u>(1,294)</u>	<u>41</u>
Total comprehensive revenue and expense for the year		<u>10,473</u>	<u>7,322</u>

Rotorua Energy Charitable Trust Group

Consolidated Statement of Changes in Net Assets / Equity

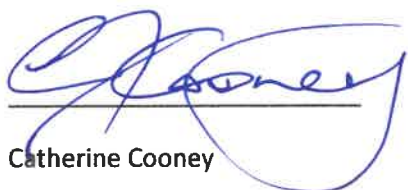
For the year ended 31 March 2026

NZ\$ '000		Perpetual	Artwork	Fair value through other	Grant Reserve	Accumulated	Total Trust
	Note						
Balance as at 1 April 2024		173,889	2,755	1,727	277	(14,049)	164,598
Total Comprehensive Revenue and Expenses		-	268	(227)	-	7,282	7,321
Transfers		2,434	-	-	4,530	(6,964)	-
Grants written back		-	-	-	46	-	46
Grants approved		-	-	-	(4,578)	-	(4,578)
At 31 March 2025		176,322	3,023	1,499	275	(13,731)	167,387
Total Comprehensive Revenue and Expenses	11(b)/11(c)	-	61	(1,355)	-	11,767	10,473
Transfers	11(e)	5,486	-	-	4,500	(9,986)	-
Grants written back	11(d)	-	-	-	67	-	67
Grants approved	16	-	-	-	(4,472)	-	(4,472)
At 31 March 2026		181,808	3,084	143	371	(11,950)	173,456

Rotorua Energy Charitable Trust Group
Consolidated Statement of Financial Position
As at 31 March 2026

	Note	2026 Group \$000	2025 Group \$000
Trust Funds			
Perpetual capital reserve	11a	181,808	176,322
Artwork Revaluation reserve	11b	3,084	3,023
Fair value through other comprehensive revenue and expense reserve	11c	143	1,499
Grant Reserve	11d	371	275
Accumulated revenue & expense reserve	11e	(11,950)	(13,731)
TOTAL TRUST FUNDS		173,456	167,387
Represented by:			
Current Assets			
Cash and cash equivalents	13	349	592
Other Assets		32	39
Total Current Assets		381	631
Non-current Assets			
Investments	14a/14b	176,474	171,214
Property and equipment	8	97	116
Artworks	12	5,026	4,965
Loans to Community Organisations	15	2,000	1,209
Concessionary Loans to Community Organisations	10	-	2,005
Total Non-current Assets		183,597	179,509
Total Assets		183,978	180,140
Current Liabilities			
Trade and other payables		37	49
Loans and borrowings		1	-
Grants payable	16	2,484	3,704
Total Current Liabilities		2,522	3,753
Non-Current Liabilities			
Grants payable	16	8,000	9,000
Loans and borrowings		1	-
Total Non-Current Liabilities		8,001	9,000
Total Liabilities		10,523	12,753
Total Net Assets		173,456	167,387

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



Catherine Cooney

Chairman



P.P. Bidios

Ngahihi Bidios

Trustee/Chair of Investment Committee

Rotorua Energy Charitable Trust Group
Consolidated Statement of Cash Flows
For the year ended 31 March 2026

	Note	2026 Group \$000	2025 Group \$000
Cash flows from Operating Activities			
Other Income	5/6	93	81
Proceeds from sale of investments		8,909	7,091
Payments to suppliers, trustees & employees	7/17	(1,826)	(929)
Loan advances to community organisations	15	(791)	(81)
Grants paid		(6,617)	(5,758)
Prior year grant refund received		(7)	1
Net cash inflow / (outflow) from operating activities		(239)	405
Cash flows from Investing Activities			
Proceeds from sale of property, plant and equipment	8	-	1
Loans to community organisations	10	-	(500)
Purchase of property, plant and equipment	8	(4)	(13)
Net cash inflow / (outflow) from investing activities		(4)	(512)
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		(243)	93
Cash and cash equivalents at the beginning of the year		592	498
Cash and Cash Equivalents at the end of the year	13	349	592

Rotorua Energy Charitable Trust Group
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2026

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 2026 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 16 June 2026.

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 2026

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 2026

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 2026

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 2026

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 Fund, Pioneer Capital NZ Fund I, Enterprise Angels Fund 2, WNT Ventures Fund 3, Bay of Plenty Housing Equity Fund Limited and Direct Capital VII Limited Partnership. 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.

Impairment losses 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.

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.

Rotorua Energy Charitable Trust Group
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2026

The diminishing value depreciation rates are:

- Buildings 10% DV
- Motor Vehicles 20% DV
- Office Furniture & Equipment 6% - 36% 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 2026

5. Investment Revenue

	2026 Group \$000	2025 Group \$000
Interest - Bank	3	19
Interest Recognised on the Concessionary Loan	495	160
Interest Income - Loans	89	62
Gain/(loss) on investments	15,524	8,696
	<u>16,110</u>	<u>8,937</u>

6. Other Revenue

	2026 Group \$000	2025 Group \$000
Sundry Income	1	-
Total Other Income	<u>1</u>	<u>-</u>

7. Expenses

	2026 Group \$000	2025 Group \$000
Trust Activities		
Audit Fees - William Buck	19	18
Consultants fees	28	52
Election Costs	153	-
Insurance	16	18
Legal	19	2
Occupancy Expenses	43	43
Other expenses	170	176
Public & statutory reporting	3	2
Sponsorship and promotion	3	4
Total Trust Activities	<u>454</u>	<u>315</u>
Investment Activities		
Artwork Storage	-	(37)
Mercer Management Fee	728	770
Total Investment Activities	<u>728</u>	<u>734</u>

Rotorua Energy Charitable Trust Group
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2026

8. Property, Motor Vehicles & Equipment

	Leasehold Improvements \$000	Motor Vehicles and Equipment \$000	Total \$000
Cost			
Balance at 1 April 2024	31	181	212
Addition	-	13	13
Disposals	-	(1)	(1)
Balance at 1 April 2025	31	193	224
Addition	4	-	4
Disposals	-	-	-
Balance at 31 March 2026	35	193	227
Accumulated Depreciation			
Balance at 1 April 2024	6	78	84
Depreciation	2	22	24
Balance at 1 April 2025	8	100	108
Depreciation	2	20	22
Balance at 31 March 2026	10	120	130
Net Book Value			
As at 31 March 2024	25	103	128
As at 31 March 2025	23	93	115
As at 31 March 2026	25	73	97

9. Trustees Fees and Expenses

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

	2026 Group \$000	2025 Group \$000
G Brown	15	22
C Cooney	28	22
S J Edward	25	38
M Keefe	25	26
M Raukawa-Tait	15	22
F Wang	23	22
T Coffey	8	-
R Kumar	8	-
B Ngahihi	8	-
Trustee Expenses - Conferences	12	-
Other Trustee Expenses	1	-
	168	152

Rotorua Energy Charitable Trust Group
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2026

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.

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.

During the financial year ended 31 March 2026, the party [QE Health Limited] was placed into liquidation. As a result, the Trust has assessed the recoverability of the loans previously advanced to QE Health Limited and determined that it is unlikely that these amounts will be recovered.

Accordingly, the full carrying value of the loan, including the reversal of previously recognised concessionary interest expense, has been written off in the financial statements as at 31 March 2026.

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

	2026 \$000	2025 \$000
Opening Balance	2,005	1,545
Nominal value of new loans issued	-	500
Nominal value of loans paid	-	(200)
Loans written off	(2,500)	-
Interest Income recognised	495	160
Closing Balance	-	2,005

Rotorua Energy Charitable Trust Group
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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 3.1% being applied in 2026 (2025: 2.5%). The allocation for the current year is \$5,485,578 (2025: 2,433,664).

	2026 Group \$000	2025 Group \$000
Opening Balance	176,322	173,889
Current year "CPI" allocation	5,486	2,434
Closing Balance	181,808	176,322

(b) Artwork Revaluation reserve

The revaluation reserve relates to the revaluation of artworks.

	2026 Group \$000	2025 Group \$000
Opening Balance	3,023	2,755
Artwork Revaluation	61	268
Closing Balance	3,084	3,023

(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 surplus or deficit and the reserve is adjusted accordingly.

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	2026 Group \$000	2025 Group \$000
Opening Balance	1,499	1,727
Current year net change in fair value	(1,355)	(227)
Closing Balance	143	1,499

(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 \$4,500,000 (2025: \$4,530,000) 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.

	2026 Group \$000	2025 Group \$000
Opening Balance	275	277
Transfer from accumulated income	4,500	4,530
Grants approved	(4,472)	(4,578)
Grants received back in cash	5	44
Prior year grants written off	62	2
Closing Balance	371	275

(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.

	2026 Group \$000	2025 Group \$000
Opening Balance	(13,731)	(14,049)
Current year surplus / (Deficit)	11,767	7,282
Transfer to grant reserve	(4,500)	(4,530)
Transfer to perpetual capital reserve	(5,486)	(2,434)
Closing Balance	(11,950)	(13,731)

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12. Artwork

	2026 Group \$000	2025 Group \$000
Opening balance	4,965	4,697
Revaluation	61	268
Closing Balance	5,026	4,965

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

	2026 Group \$000	2025 Group \$000
Current Assets		
Bank balances	349	592
Cash and cash equivalents in statement of cash flows	349	592

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

	2026 Group \$000	2025 Group \$000
Financial assets designated as at fair value through surplus or deficit		
Mercer unlisted open-ended investment funds		
Opening balance	168,889	167,881
Withdrawals	(7,500)	(7,000)
Revaluations	13,687	8,008
Closing balance	175,076	168,889

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.

Rotorua Energy Charitable Trust Group
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(b) Unlisted private equity investments

	2026 Group \$000	2025 Group \$000
Financial assets designated as fair value through other comprehensive revenue and expenses		
Unlisted private equity investments	1,398	2,325
	<u>1,398</u>	<u>2,325</u>
 Total Investments	 <u>176,474</u>	 <u>171,214</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.

	2026 \$000	2025 \$000
Habitat for Humanity	2,000	1,209
Closing Balance	<u>2,000</u>	<u>1,209</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 + 2%

Rotorua Energy Charitable Trust Group
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16. Grants Payable

	2026 Group \$000	2025 Group \$000
Opening Balance - Grants payable	12,704	13,930
Grants Written back	(61)	(2)
Grants Paid	(6,631)	(5,802)
Grants Approved	4,472	4,578
Closing Balance - Grants payable	10,484	12,704
Represented by:		
Current	2,484	3,704
Non-Current	8,000	9,000
Closing Balance	10,484	12,704

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.

	2026 Group \$000	2025 Group \$000
Salary and other payments (Excluding Trustees)	226	206
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 2026

Conflicts of Interest 2025/26		
Organisation	Trustee(s) and Key Management Personnel with Interest	Grants Approved during the year
Blind Sports NZ	B Gilbert	10,000.00
Mountain Bike Events Limited	F Wang, N Wright	75,000.00
Rotorua & Districts JP Association	C Cooney, M Keefe	3,624.00
Rotorua Aero Club	F Wang	10,000.00
Rotorua Arts Village	N Wright	96,000.00
Rotorua Chinese Community of Commerce	F Wang	7,500.00
Rotorua Community Youth Centre Trust	F Wang	100,000.00
Rotorua Lakes Council	F Wang	135,000.00
Rotorua Mountain Bike Club	K O'Connor	40,000.00
Rotorua Sustainable Charter	F Wang	20,000.00
Rotorua Trails Trust	K O'Connor	50,000.00
Prior Trustee(s) with Interest		
Organisation	Prior Trustee(s) with Interest	Grants Approved during the year
Mountain Bike Events Limited	G Brown, M Raukawa-Tait	75,000.00
Rotorua Lakes Council	G Brown	135,000.00
Rotorua Trails Trust	G Brown	50,000.00
Te Kura o Te Koutu	S Edward	1,500.00
Key Management Personnel and Prior Trustee(s) with Interest		
Organisation	Key Management Personnel and Prior Trustee(s) with Interest	Loan written off Investment
QE Health Limited	C Hutton, S Edward	
Direct Capital VII Limited Partnership	C Hutton	

18. Group Entities Subsidiaries

The entities in the Group are as follows:

	Ownership Interest	
	2026	2025
Rotorua Trust Perpetual Capital Fund Limited	100%	100%

The subsidiary company is incorporated in New Zealand and has a reporting date of 31 March.

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 \$145,600 is uncalled to date (2025: \$242,000 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 \$4,800,000 is uncalled to date (2025: \$4,900,000 uncalled).

20. Contingent Liabilities and Commitments

	2026 Group \$000	2025 Group \$000
Multi Year Grants	-	860
	-	860

As at 31 March 2026, the Trust had the no 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.

Rotorua Energy Charitable Trust Group
Notes to and Forming Part of the Consolidated Financial Statements
For the year ended 31 March 2026

21. Subsequent Events

There are no material events subsequent to reporting date that would have an effect on the financial statements (2025: Nil).

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 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 2026, 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 2026 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 the Public Benefit Entity Standards/Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

What was audited?

We have audited the financial report of the Group, which comprises the service performance information on pages 1 to 7 and the consolidated financial statements on pages 8 to 27. The complete set of consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 March 2026,
- 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 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.

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

Responsibilities of the Trustees for the financial report

The Trustees are responsible on behalf of the Group for:

- The preparation, and fair presentation of the 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 financial report that is free from material misstatement, whether due to fraud or error.

In preparing the 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 financial report

Our objectives are to obtain reasonable assurance about whether the financial 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 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, 16 June 2026