



ANNUAL ACCOUNTS

FOR

YEAR ENDED 30 JUNE 2017

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Directory

Address	53 Hereford Street Christchurch 8013
Trustees	P Cotter (Chairperson) J Atkinson S Godfrey R Linterman G Livingstone
Bankers	Bank of New Zealand Christchurch
Auditors	Audit New Zealand on behalf of the Auditor-General

Statement of Comprehensive Revenue and Expense For the Year Ended 30 June 2017

	Note	2017 \$	2016 \$
Income	1(a)	46,814	56,421
		46,814	56,421
Depreciation and impairment		356	356
Grant		300,000	-
Other expenses	1(b)	24,576	15,571
		324,932	15,927
Net Surplus (Deficit) for the year		(278,118)	40,494
Total comprehensive revenue and expense		(278,118)	40,494

The accompanying notes form part of these financial statements.

Statement of Changes in Net Assets/Equity For the Year Ended 30 June 2017

	2017 \$	2016 \$
Balance as at 1 July	2,186,088	2,145,594
Total comprehensive revenue and expense for the year	(278,118)	40,494
Balance as at 30 June	1,907,970	2,186,088

The accompanying notes form part of these financial statements.

Statement of Cashflows For the Year Ended 30 June 2017

		2017	2016
		\$	\$
Cash flows from operating activities			
Interest received		46,814	56,421
Payments to suppliers		(326,773)	(15,296)
Net GST movement		(344)	-
Net cash provided by / (used in) operating activities	11	(280,303)	41,125
Net increase in cash and cash equivalents		(280,303)	41,125
Cash and cash equivalents at beginning of period		2,190,097	2,148,972
Cash and cash equivalents at end of period		1,909,794	2,190,097

The accompanying notes form part of these financial statements.

Statement of Financial Position As at 30 June 2017

	Note	2017 \$	2016 \$
Current assets			
Cash and cash equivalents		1,909,794	2,190,097
Recoverables from non-exchange transactions	3	343	271
Non current asset held for distribution		1,873	-
Total current assets		1,912,010	2,190,368
Non-current assets			
Property, plant and equipment	4	-	2,229
Total non-current assets		-	2,229
Total assets		1,912,010	2,192,597
Current liabilities			
Payables under exchange transactions	5	4,040	6,509
Total current liabilities		4,040	6,509
Total liabilities		4,040	6,509
Net assets		1,907,970	2,186,088
Equity			
Accumulated comprehensive revenue and expense	6	1,907,970	2,186,088
Total equity		1,907,970	2,186,088

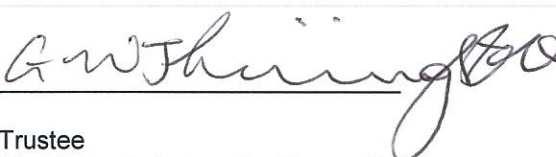
The accompanying notes form part of these financial statements.



 P Cotter
 Chairperson
 Christchurch Agency for Energy Trust

25/09/17

 Date



 Trustee
 Christchurch Agency for Energy Trust

25/09/17

 Date

Statement of Objectives and Performance For the Year Ended 30 June 2017

Financial Performance Targets

	2017 Target \$	2017 Actual \$	2017 Variance \$
Interest Received	37,500	46,814	9,314
	<u>37,500</u>	<u>46,814</u>	<u>9,314</u>
Less Expenses:			
Christchurch Energy Grant Scheme Payments	720,000	300,000	420,000
Grant Administration & General Expense	19,000	24,932	(5,932)
Total Expenses	<u>739,000</u>	<u>324,932</u>	<u>414,068</u>
Net Surplus / (Deficit)	<u>(701,500)</u>	<u>(278,118)</u>	<u>423,382</u>
Retained Surplus			
Opening Balance	2,190,000	2,186,088	(3,912)
Current Year Surplus	(701,500)	(278,118)	423,382
Closing Balance	<u>1,488,500</u>	<u>1,907,970</u>	<u>419,470</u>
Awarded but unpaid Christchurch Energy Grant Scheme grants	1,470,000	1,582,440	(112,440)

Variances

There has been one payment of \$300,000 from the Christchurch Energy Grant Scheme during the year.

Six grants totalling \$1,582,440 are planned to be paid out in 2017/18. Contract for one other grant to be confirmed in July 2017 and expected to be paid in 2017/18.

General administration costs including accounting, legal and administration charges from the Council were slightly higher than forecast because services acquired from the Council were more than estimated.

Due to the delay in paying planned grants, interest income is higher than expected. At 30 June, \$305,000 is available to be allocated as grants in 2017/18.

Key Performance Targets

Performance Target	Performance Measure	Actual Results
Christchurch Energy Grants Scheme	Allocation of the remaining balance of incentive grants for initiatives within the Central City through the Christchurch Energy Grants Scheme or other initiatives in line with the Trust Deed.	One grant has been allocated during the period, and another has been provided subject to contract. The Trustees are considering suitable projects for the remaining balance.

Notes to the Financial Statements

1. Profit from operations

a. Revenue

	2017 \$	2016 \$
Interest received	46,814	56,421
Total revenue	<u>46,814</u>	<u>56,421</u>

The Trust did not receive any contributions during the 2017 financial year.

b. Expenses

	Note	2017 \$	2016 \$
Other Expenses:			
Grant Management & Administration		44	564
Secretarial, Financial & Legal Costs		15,742	11,307
Consultancy Costs		5,000	-
Auditor's Remuneration	2	3,790	3,700
		<u>24,576</u>	<u>15,571</u>

2. Remuneration of Auditors

	2017 \$	2016 \$
Audit of financial statements	3,790	3,700
	<u>3,790</u>	<u>3,700</u>

3. Recoverables from non-exchange transaction

	2017 \$	2016 \$
GST receivable	343	271
	<u>343</u>	<u>271</u>

The carrying value of trade and other receivables approximates their fair value.

4. Property, plant & equipment

	2017 \$	2016 \$
Office Equipment		
Opening Balance 1 July	3,563	3,563
Transfer held for distribution	(3,563)	-
Balance at 30 June	-	3,563
Accumulated depreciation, amortisation and impairment:		
Opening Balance at 1 July	(1,334)	(978)
Depreciation expense	(356)	(356)
Transfer held for distribution	1,690	-
Balance at 30 June	-	(1,334)
Net book value as at 30 June	-	2,229

5. Payables under exchange transactions

	2017 \$	2016 \$
Trade payables	-	2,079
General accruals	4,040	4,430
	4,040	6,509

6. Accumulated funds

	2017 \$	2016 \$
Balance at beginning of financial year	2,186,088	2,145,594
Surplus/(deficit)	(278,118)	40,494
Balance at end of financial year	1,907,970	2,186,088

7. Financial Instruments

	2017 \$	2016 \$
Financial assets:		
Current assets		
Cash and cash equivalents	1,909,794	2,190,097
Trade and other receivables	343	271
	1,910,137	2,190,368
Financial liabilities:		
Current liabilities		
Trade and other payables	4,040	6,509

Risk

The Council manages the Trust's financial instruments in accordance with Council policies. Both the Trust and the Council are risk averse and seek to minimise exposure from treasury activities.

Interest rate risk

The Trust is exposed to interest rate risk on funds invested at both fixed and floating interest rates. The risk is managed by restricting investment to quality investment grade issues, pursuant to the Council's investment policy.

Credit Risk

Credit risk refers to the risk that a third party will default on its contractual obligations to the Trust, causing the Trust to incur a loss. Financial instruments which potentially subject the Trust to credit risk consist principally of cash and short term investments, and accounts receivable.

The Trust banks solely with Bank of New Zealand (BNZ) and therefore credit risk is concentrated with BNZ. BNZ has an AA credit rating with Standard and Poor's Financial Services LLC. (2016: AA).

8. Commitments

Christchurch Energy Grants

Five grants, totalling \$1,217,440 were approved by the Trust and contracts signed as at 30 June 2017. One further grant for \$365,000 has been approved, contract yet to be signed as at 30 June 2017. These are expected to be paid out during the 2017/18 financial year upon meeting the requirements set out in their agreements (2016: \$1,100,000).

A further grant, totalling \$365,000 was approved by the Trust as at 30 June 2017, but the contract is yet to be signed. Decisions on other contracts will be made at a later date when the developments have further progressed (2016: \$400,000).

9. Contingencies

The Trust has no contingent assets or liabilities as at 30 June 2017 (2016: nil).

10. Related Party and Appointer Organisation Transactions

	2017 \$	2016 \$
Payments to related parties		
Purchases from the Christchurch City Council	10,810	6,402
	<u>10,810</u>	<u>6,402</u>
Year end balances (excl GST)		
Owing to the Christchurch City Council	-	2,538
	<u>-</u>	<u>2,538</u>

The Council, EECA and the Environment Canterbury Regional Council are all appointer organisations of the Trust.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Trust would have adopted in dealing with the party at arm's length in the same circumstances.

The transactions shown above as payments for accounting and administration services from the Council. Although these services have been provided at market value, the transactions are not considered to be at arm's length as Council would not usually provide accounting and administration services to outside parties and have provided these services to the Trust only as a result of the Appointer Organisation/Trust relationship.

11. Reconciliation of surplus for the period to net cash flows from operating activities

	2017 \$	2016 \$
Operating surplus	(278,118)	40,494
<i>Add non cash items</i>		
Depreciation	356	356
<i>Add/(less) movements in working capital items</i>		
Accounts receivable	(72)	(45)
Accounts payable	(2,469)	320
Net cash Inflow from operating activities	<u>(280,303)</u>	<u>41,125</u>

12. Post balance date events

There were no events known to the Trustees occurring subsequent to balance date that would have a significant impact on the financial statements for the year ended 30 June 2017.

13. Statement of Significant Accounting Policies

a. Reporting Entity

These are the financial statements of the Christchurch Agency for Energy Trust (the Trust), a Charitable Trust created by the Christchurch City Council (the Council) on 13 July 2010. The primary purpose of the Trust is to promote energy efficiency initiatives and the use of renewable energy in Christchurch.

On this basis, the Trust is considered a public benefit entity for purposes of financial reporting.

The financial statements of the Trust are for the year ended 30 June 2017. The financial statements were approved for issue by the Board of Trustees on 25 September 2017.

b. Basis of financial statement preparation

The financial statements for the year ended 30 June 2017 have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with the Tier 2 PBE standards for periods beginning on or after 1 July 2014.

The criteria under which the Trust is eligible to report under Tier 2 PBE Standards are as follows:

- the Trust is not publicly accountable; and
- the Trust's total expenses for the period being reported are below the \$30 million threshold for Tier 1 reporting.

c. Revenue

Other Revenue

Revenue is measured at the fair value of consideration received. Interest income is recognised using the effective interest method.

d. Grant expenditure

The Trust awards grants if the grant applicant meets specified criteria. Grant expenditure is recognised when an application that meets the specified criteria for the grant are met.

e. Income tax

The Inland Revenue Department (IRD) has confirmed that the Trust has charitable status for tax purposes and is therefore not liable for income tax.

f. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less.

g. Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost less impairment provision.

h. Property, plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation.

Depreciation is calculated using the straight-line method to allocate their costs over their estimated useful lives.

Assets subject to depreciation include:

Fixtures and Fittings 3-30 years

i. Trade and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost.

j. Goods and Services Tax

The financial statements are prepared exclusive of GST with the exception of receivables and payables that are shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingencies are disclosed exclusive of GST.

k. Critical accounting estimates and assumptions

In preparing these financial statements the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

I. Going concern

The Trust intends to wind up within the next 12 months with any remaining assets being transferred at the direction of the settlor of the Trust (Christchurch City Council), for a similar charitable purpose, in accordance with the Trust Deed. The financial statements for the year ended 30 June 2017 are therefore prepared on a disestablishment basis. This has resulted in the classification of certain assets as current rather than non-current within the Statement of Financial Position, but no change to the valuation of those assets.

Auditor's Report

Independent Auditor's Report

To the readers of Christchurch Agency for Energy Trust's financial statements and performance information for the year ended 30 June 2017

The Auditor-General is the auditor of the Christchurch Agency for Energy Trust (the Trust)). The Auditor-General has appointed me, Andy Burns, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Trust on his behalf.

Opinion

We have audited:

- the financial statements of the Trust on pages 4 to 6 and 8 to 13, that comprise the statement of financial position as at 30 June 2017, the statement of comprehensive revenue and expenses, statement of changes in net assets/equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Trust on page 7.

In our opinion:

- the financial statements of the Trust on pages 4 to 6 and 8 to 13, which have been prepared on a disestablishment basis:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2017; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.
- the performance information of the Trust on page 7 presents fairly, in all material respects, the Trust's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Trust's objectives for the year ended 30 June 2017.

Our audit was completed on 25 September 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw your attention to the financial statements being appropriately prepared on a disestablishment basis. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements and the performance information, and we explain our independence.

The financial statements are appropriately prepared on a disestablishment basis

Without modifying our opinion, we draw your attention to the going concern disclosure on page 13 about the Trust preparing the financial statements on a disestablishment basis as the Trust intends to wind up within the next twelve months with any remaining assets to be transferred at the direction of

the settlor of the Trust. We consider the disestablishment basis of preparation and related disclosures to be appropriate to the Trust's circumstances.

Basis for opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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 financial statements and the performance information

The Trustees are responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Trustees are also responsible for preparing the performance information for the Trust.

The Trustees are responsible for such internal control as they determine is necessary to enable them to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. If the Trustees conclude that the going concern basis of accounting is inappropriate, the Trustees are responsible for preparing financial statements on a non-going concern basis and making appropriate disclosures.

The Trustee's responsibilities arise from the Local Government Act 2002 and the Trust Deed.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the performance information, our procedures were limited to checking that the information agreed to the Trust's statement of intent.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit

procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We evaluate the appropriateness of the reported performance information within the Trust's framework for reporting its performance.
- We conclude on the appropriateness of the use of the disestablishment basis of accounting by the Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Independence

We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Trust.



Andy Burns
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand