



ANNUAL ACCOUNTS

FOR

YEAR ENDED 30 JUNE 2019

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Directory

Address	53 Hereford Street Christchurch 8013
Trustees	P Cotter (Chairperson) Richard Briggs S Godfrey 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 2019

	Note	2019 \$	2018 \$
Interest revenue	1(a)	12,737	27,957
		<u>12,737</u>	<u>27,957</u>
Grant		839,868	820,872
Other expenses	1(b)	16,932	21,819
		<u>856,800</u>	<u>842,691</u>
Deficit for the year		<u>(844,063)</u>	<u>(814,734)</u>
Total comprehensive revenue and expense		<u>(844,063)</u>	<u>(814,734)</u>

Statement of changes in net assets/equity for the year ended 30 June 2019

	2019 \$	2018 \$
Balance as at 1 July	1,093,236	1,907,970
Total comprehensive revenue and expense for the year	(844,063)	(814,734)
Balance as at 30 June	<u>249,173</u>	<u>1,093,236</u>

The accompanying notes form part of these financial statements.

**Statement of cashflows
for the year ended 30 June 2019**

		2019	2018
		\$	\$
Cash flows from operating activities	Note		
Interest received		12,737	27,957
Payments to suppliers		(856,885)	(842,744)
Net GST movement		(60,178)	(646)
Net cash used in operating activities	9	(904,326)	(815,433)
Net decrease in cash and cash equivalents		(904,326)	(815,433)
Cash and cash equivalents at beginning of period		1,094,361	1,909,794
Cash and cash equivalents at end of period		190,036	1,094,361

The accompanying notes form part of these financial statements.

**Statement of financial position
as at 30 June 2019**

	Note	2019 \$	2018 \$
Current assets			
Cash and cash equivalents		190,036	1,094,361
Recoverables from non-exchange transactions	3	61,167	989
Non current asset held for distribution		1,871	1,873
Total current assets		<u>253,074</u>	<u>1,097,223</u>
Total assets		<u>253,074</u>	<u>1,097,223</u>
Current liabilities			
Payables under exchange transactions	5	3,901	3,987
Total current liabilities		<u>3,901</u>	<u>3,987</u>
Total liabilities		<u>3,901</u>	<u>3,987</u>
Net assets		<u>249,173</u>	<u>1,093,236</u>
Equity			
Accumulated comprehensive revenue and expense		249,173	1,093,236
Total equity		<u>249,173</u>	<u>1,093,236</u>

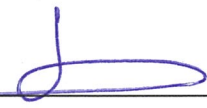
The accompanying notes form part of these financial statements.



P Cotter
Chairperson
Christchurch Agency for Energy Trust

14/08/19

Date



Trustee
Christchurch Agency for Energy Trust

14/8/19

Date

Statement of objectives and performance for the year ended 30 June 2019

Financial Performance Targets

	2019 Target \$	2019 Actual \$	2019 Variance \$
Interest revenue	1,000	12,737	11,737
	1,000	12,737	11,737
Less expenses:			
Energy grant scheme	70,000	839,868	(769,868)
Grant administration & general expense	18,000	16,932	1,068
Total expenses	88,000	856,800	(768,800)
Net deficit	(87,000)	(844,063)	(757,063)
Retained surplus			
Opening balance	87,000	1,093,236	1,006,236
Current year surplus	(87,000)	(844,063)	(757,063)
Closing balance	-	249,173	249,173
 Awarded unpaid grants		 26,628	 26,628

Comments

A total of \$839,868 was paid from the Christchurch Energy Grant Scheme during the year. Of the remaining balance, four electric vehicle charging infrastructure grants totalling \$26,628 have been awarded and \$137,439 has been allocated. They will be paid out in the 2019/2020 financial year. An additional \$63,000 is still to be allocated as at 30 June 2019.

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

Due to the delay in paying planned grants, interest income is higher than expected.

Key Performance Targets

Performance Target	Performance Measure	Actual Results
Christchurch Energy Grants Scheme	Allocation of the remaining balance of the fund for initiatives within the Central City through the Christchurch Energy Grants Scheme or other initiatives in line with the Trust Deed.	Ten grants have been paid during the period. The balance remaining will be paid out in the next financial year. (2018: 7)

Notes to the Financial Statements

1. Profit from operations

a. Interest revenue

	2019 \$	2018 \$
Interest received	12,737	27,957
Total revenue	<u>12,737</u>	<u>27,957</u>

The Trust did not receive any contributions during the 2019 financial year.

b. Other expenses

	2019 \$	2018 \$
Grant management & administration	44	44
Secretarial, financial & legal costs	12,987	17,929
Auditor's remuneration	3,901	3,846
	<u>16,932</u>	<u>21,819</u>

Note

2

2. Remuneration of auditors

	2019 \$	2018 \$
Audit of financial statements	3,901	3,846
	<u>3,901</u>	<u>3,846</u>

3. Recoverables from non-exchange transaction

	2019 \$	2018 \$
GST receivable	61,167	989
	<u>61,167</u>	<u>989</u>

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

4. Payables under exchange transactions

	2019	2018
	\$	\$
General accruals	3,901	3,987
	<u>3,901</u>	<u>3,987</u>

5. Financial instruments

	2019	2018
	\$	\$
Financial assets:		
Current assets		
Cash and cash equivalents	190,036	1,094,361
Trade and other receivables	61,167	989
	<u>251,203</u>	<u>1,095,350</u>
Financial liabilities:		
Current liabilities		
Trade and other payables	3,901	3,987
	<u>3,901</u>	<u>3,987</u>

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.

Receivables are considered to be a low credit risk. Credit risk for these assets has not increased significantly since their initial recognition.

No impairment loss has been recognised as the market value of the financial assets is equal to the book value as per the credit risk policy.

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. (2018: AA).

6. Commitments

Christchurch Energy Grants

As at 30 June 2019, \$26,628 is recognised as a commitment and reflects the value of funding awarded to initiatives with executed contracts, but remains unpaid (2018: \$818,602).

7. Contingencies

The Trust has no contingent assets or liabilities as at 30 June 2019 (2018: nil).

8. Related Party and Appointer Organisation Transactions

	2019 \$	2018 \$
Payments to related parties		
Purchases from the Council	7,335	12,613
	7,335	12,613
Year end balances (excl GST)		
Owing to the Council	-	140
	-	140

The Council, EECA, Environment Canterbury Regional Council, Meridian, Orion and Solid Energy 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.

9. Reconciliation of deficit for the period to net cash flows from operating activities

	2019	2018
	\$	\$
Operating deficit	(844,063)	(814,734)
<i>Add non cash items</i>		
Depreciation	-	-
<i>Less movements in working capital items</i>		
Accounts receivable	(60,178)	(646)
Accounts payable	(85)	(53)
Net cash Inflow from operating activities	<u>(904,326)</u>	<u>(815,433)</u>

10. 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 2019.

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 2019. The financial statements were approved for issue by the Board of Trustees on 14 August 2019.

b. Basis of financial statement preparation

The financial statements for the year ended 30 June 2019 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 application meets specified criteria. Grant expenditure is then recognised when the recipient meets the specified criteria for the grant.

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 the recognition of any expected credit loss (ECL) over the life of the asset. The ECL is based on its historical credit loss experience adjusted for forward looking factors specific to debtors and the economic environment.

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 2019 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.

m. Early adoption of PBE IFRS Financial instruments

Christchurch Agency for Energy Trust has early adopted all requirements of PBE IFRS 9 *Financial instruments* (PBE IFRS 9) as of 1 July 2018. PBE IFRS 9 supersedes part of PBE IPSAS 29 *Financial instruments: Recognition and Measurement* (PBE IPSAS 29). PBE IFRS 9 includes two areas of change that affect these financial statements:

1. Classification and measurement of financial instruments

Christchurch Agency for Energy Trust determines the classification of financial assets at initial recognition. Classification is driven by Christchurch Agency for Energy Trust business model for managing the financial assets and their contractual cash flow characteristics.

Christchurch Agency for Energy Trust completed a detailed assessment of its financial assets and liabilities as at 1 July 2018 and there has been no change in classifications under the new standard. All Christchurch Agency for Energy Trust financial instruments remain measured at amortised cost.

2. New impairment model

PBE IFRS 9 prescribes an 'expected credit loss' model instead of a previous incurred loss model, so it is no longer necessary for a trigger event to have occurred before recognising credit losses. NZ IFRS 9 requires Christchurch Agency for Energy Trust to base the measurement of expected credit losses on forward-looking information, as well as current and historic information. There was no expected credit loss allowance recognised as a result of adoption, as Christchurch Agency for Energy Trust has not experienced a history of significant credit losses, and no current or forward-looking information at 30 June 2019 indicated a significant increase in credit risk.

n. Accounting standards and interpretations issued but not yet effective

The following new standard has been issued but not yet effective as at 30 June 2019. Christchurch Agency for Energy Trust has not early adopted this standard.

- *PBE FRS 48 Service Performance Reporting*

This standard establishes requirements to PBEs to select and present service performance information. This standard is effective from the year ending 30 June 2022, and does not have any material impact on the Trust.

o. Grants provided

During the 2019 financial year \$839,868 was paid in grants. \$300,000 related to heat transfer infrastructure, \$119,868 (2018: \$268,432) related to electric vehicle charging infrastructure, \$365,000 towards electric buses, and \$55,000 towards housing efficiency initiatives.

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 2019

The Auditor-General is the auditor of 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 2019, the statement of comprehensive revenue and expense, 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 2019; 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 Reporting Standards Reduced Disclosure Regime; and
- 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 2019.

Our audit was completed on 14 August 2019. 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, we comment on other 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. Any remaining assets will be transferred at the direction of the settlor of the Trust (Christchurch City Council), for a similar charitable purpose, in accordance with the Trust Deed. We consider the disestablishment basis of preparation and related disclosures to be appropriate to the Trust's circumstances.

Basis for our 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. The Trustees are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Trustees intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

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.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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 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.

Other Information

The Trustees are responsible for the other information. The other information comprises the information included on page 3, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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