



**ANNUAL ACCOUNTS**

**FOR**

**YEAR ENDED 30 JUNE 2014**

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## DIRECTORY

Address	53 Hereford Street Christchurch 8031
Trustees	J Atkinson (alternative D Chittock) A Hines A Matheson (appointed 14 August 2013, resigned 20 December 2013) D Wilson (appointed 14 August 2013) S Godfrey (appointed 14 August 2013) P Cotter (appointed 28 November 2013) S Buck (resigned 28 November 2013) R Parker (resigned 28 November 2013)
Bankers	Bank of New Zealand Christchurch
Auditors	Audit New Zealand on behalf of the Auditor General

## Statement of Comprehensive Income for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue from operations	2(a)	570,805	1,112,010
Other income	2(a)	41,644	24,357
		<u>612,449</u>	<u>1,136,367</u>
Depreciation and Impairment		356	267
Other expenses	2(b)	284,477	676,332
		<u>284,833</u>	<u>676,599</u>
<b>Net Surplus/(Deficit) for the year</b>		<u>327,616</u>	<u>459,768</u>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income</b>		<u><u>327,616</u></u>	<u><u>459,768</u></u>

The accompanying notes form part of these financial statements.

**Statement of Changes in Equity  
for the year ended 30 June 2014**

	2014 \$	2013 \$
Balance as at 1 July	1,388,107	928,339
Total comprehensive income for the year	327,616	459,768
Balance as at 30 June	<u>1,715,723</u>	<u>1,388,107</u>


The accompanying notes form part of these financial statements.

## Statement of Financial Position as at 30 June 2014

	Note	2014 \$	2013 \$
<b>Current assets</b>			
Cash and cash equivalents		1,611,856	1,394,510
Trade and other receivables	4	121,777	79,564
<b>Total Current Assets</b>		<u>1,733,633</u>	<u>1,474,074</u>
<b>Non-current assets</b>			
Property, plant and equipment	5	2,940	3,296
<b>Total non-current assets</b>		<u>2,940</u>	<u>3,296</u>
<b>Total assets</b>		<u>1,736,573</u>	<u>1,477,370</u>
<b>Current liabilities</b>			
Trade and other payables	6	20,850	89,263
<b>Total current liabilities</b>		<u>20,850</u>	<u>89,263</u>
<b>Total liabilities</b>		<u>20,850</u>	<u>89,263</u>
<b>Net assets</b>		<u>1,715,723</u>	<u>1,388,107</u>
<b>Equity</b>			
Retained earnings	7	1,715,723	1,388,107
<b>Total equity</b>		<u>1,715,723</u>	<u>1,388,107</u>

The accompanying notes form part of these financial statements.

  
 \_\_\_\_\_  
 P Cotter  
 Chairperson  
 Christchurch Agency for Energy Trust

  
 \_\_\_\_\_  
 Trustee  
 Christchurch Agency for Energy Trust

16/09/14  
 \_\_\_\_\_  
 Date

16/09/14  
 \_\_\_\_\_  
 Date

## Statement of Objectives and Performance for the year ended 30 June 2014

### Financial Performance Targets

	2014 Target \$	2014 Actual \$	2014 Variance \$
Revenue from Operations	701,250	570,805	(130,445)
Other income	-	41,644	41,644
	701,250	612,449	(88,801)
Less Expenses			
Energy Grant Scheme	400,000	- -	400,000
EnergyFirst	257,500	120,930 -	136,570
Other Projects	50,000	55,000	5,000
Grant Administration & General Expense	159,000	108,903 -	50,097
Total Expenses	866,500	284,833 -	581,667
Net Surplus / (deficit)	(165,250)	327,616	492,866

### Variance

Project funding received from CCC was \$100,000 less than target due to administrative error. EECA EnergyFirst subsidies received were also lower than expected. However, CAFÉ has received \$41,644 interest income in 2013/14 financial year.

Energy Grant scheme was launched successfully. As at 30 June 2014, \$600,000 has been allocated but yet to be paid out subject to conditions of the agreement.

EnergyFirst grant is slow-moving. Outstanding applications prior to 2013/14 financial year have had their reports completed and paid out. A number of applications were cancelled due to changed circumstances.

Grant administration and general expenses were underspent by \$50,097 due to the new structure in place and lower activities during the year. Since 1 July 2013, the administration of the Trust has been picked up by the Council and EECA as part of their normal businesses.

## Key Performance Targets

<b>Performance Target</b>	<b>Performance Measure</b>	<b>Actual Results</b>
Christchurch Energy Grants Scheme.	Allocating at least \$400,000 in incentive grants for initiatives within the Central City through the Christchurch Energy Grants Scheme.	Two applications were received and approved. Total grant allocated \$600,000.
EECA plus CAFÉ EnergyFirst Project	At least 40 EnergyFirst applications received. At least 40 EnergyFirst design reports completed.	2 EnergyFirst applications received for 2013/14 financial year. 25 reports completed.



# Notes to the Financial Statements

## 1. 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.

The financial statements of the Trust are for the year ended 30 June 2014. The financial statements were approved for issue by the Board of Trustees on 16 September 2014.

### b. Basis of financial statement preparation

The financial statements of the Trust have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for public benefit entities.

#### *Differential Reporting*

The Trust is a qualifying entity within the Framework for Differential Reporting. The differential reporting option is available to the Trust as it is not large within the meaning of this term as set out in the Framework and is not publicly accountable. The Trust has taken advantage of all differential reporting concessions available to it.

The financial statements are prepared under the historical cost convention.

The functional and presentation currency is New Zealand dollars, and all values are rounded to the nearest dollar.

### c. Revenue

#### *Grants/Contributions/Donations*

Grants/Contributions/Donations received from the Council and other appointer organisations are the primary source of funding to the Trust and are restricted for the purpose of the Trust meeting its objectives as specified in the Trust Deed. These receipts are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the payment are not met. If there is such an obligation, the receipts are initially recorded as income received in advance, and recognised as revenue when conditions are satisfied.

#### *Other Revenue*

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

d. 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.

e. 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.

f. Trade and other receivables

Trade and other receivables are measured at fair value.

g. 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	3-30years
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h. Trade and other payables

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

i. 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.

j. Provisions

A provision is recognised in the balance sheet when the Trust has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the obligation.

k. Critical accounting estimates and assumptions

In preparing these financial statements the Trust has made estimates and assumptions concerning the future. The Trustees have amended the focus of the Trust in its 2013/14 SOI with the creation of the Christchurch Energy Grant Scheme for new builds in the CBD and a concentration on rebuild energy grants based on committed funding. 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. Accounting Standards issued, but not yet in force

In April 2012 the External Reporting Board issued a new accounting standards framework for New Zealand. The framework provides for different accounting standards for 'for-profit' and 'public benefit' entities. As the Trust is a public benefit entity (PBE) it is subject to the PBE accounting standards framework. For the 2012/13 and 2013/14 financial years the Trust as a 'public sector' PBE has applied NZ IFRS – Differential Reporting Standards. For the 2014/15 financial year including 2013/14 comparatives it will apply PBE accounting standards.

PBE accounting standards are based on International Public Sector Accounting Standards and at adoption will be broadly similar to NZ IFRS. The framework has four reporting tiers determined by set criteria or election. The Trust has determined that it will report its 2014/15 financial statements as a tier 2 reporter applying PBE standards with reduced disclosure requirements.

It is expected that the application of the new standards will not result in significant changes to the Trust's accounting policies but it is expected to result in significant disclosure changes.

2. Profit from operations

a. Revenue

	2014 \$	2013 \$
<b>Revenue from operations</b>		
Appointer Contributions	140,000	340,000
CCC - Project Contributions	357,500	632,500
EECA Subsidy	73,305	94,510
Ministry of Education Subsidy	-	45,000
	<u>570,805</u>	<u>1,112,010</u>
<b>Other Income</b>		
Interest received	41,644	24,357
	<u>41,644</u>	<u>24,357</u>
<b>Total revenue</b>	<u>612,449</u>	<u>1,136,367</u>

b. Expenses

	Note	2014 \$	2013 \$
Other Expenses:			
Trustee Costs		-	84
Grant Management & Administration		82,519	-
Contractor Costs		-	146,778
Communications & Relations		-	70,079
Secretarial, Financial & Legal Costs		19,480	9,327
Office Administration		151	19,062
Marketing		2,797	55,512
Project Costs		55,000	140,039
Consultancy Costs		-	94,611
Grants - Other		-	22,500
Grants - EnergyFirst		120,930	114,340
Auditor's Remuneration	3	3,600	4,000
		<u>284,477</u>	<u>676,332</u>

3. Remuneration of Auditors

	2014 \$	2013 \$
Audit of financial statements	3,600	4,000
	<u>3,600</u>	<u>4,000</u>

4. Current trade and other receivables

	2014 \$	2013 \$
GST receivable	749	4,582
Trade receivables		3,732
Related party receivables	121,028	71,250
	<u>121,777</u>	<u>79,564</u>

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

## 5. Property, plant & equipment

	2014 \$	2013 \$
<b>Office Equipment</b>		
Opening Balance 1 July	3,563	-
Additions	-	3,563
Balance at 30 June	<u>3,563</u>	<u>3,563</u>
<b>Accumulated depreciation, amortisation and impairment:</b>		
Opening Balance at 1 July	(267)	-
Depreciation expense	(356)	(267)
Balance at 30 June	<u>(623)</u>	<u>(267)</u>
<b>Net book value as at 30 June</b>	<u>2,940</u>	<u>3,296</u>

## 6. Current trade and other payables

	2014 \$	2013 \$
Trade payables	17,250	30,763
GST payable	-	-
General Accruals	3,600	58,500
	<u>20,850</u>	<u>89,263</u>

## 7. Retained earnings

	2014 \$	2013 \$
Balance at beginning of financial year	1,388,107	928,339
Surplus/(deficit)	327,616	459,768
Balance at end of financial year	<u>1,715,723</u>	<u>1,388,107</u>

## 8. Financial Instruments

	2014 \$	2013 \$
<b>Financial assets:</b>		
Current assets		
Cash and cash equivalents	1,611,856	1,394,510
Trade and other receivables	121,777	79,564
	<u>1,733,633</u>	<u>1,474,074</u>
<b>Financial liabilities:</b>		
Current liabilities		
Trade and other payables	20,850	89,263
	<u>20,850</u>	<u>89,263</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.

*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 (Australia) Pty Limited (2013: AA-).

**9. Commitments**

Energy First Grants

As at 30 June 2014, there are two applications with reports outstanding. (2013 = 27 applications)

Christchurch Energy Grants

Total of \$600,000 has been allocated as at 30 June 2014. These are expected to be paid in instalments during 2015/16 and 2016/17 financial years upon meeting the requirements per their agreements. (2013 = Nil)

**10. Contingencies**

The Trust has no contingent assets or liabilities as at 30 June 2014.

As at 30 June 2013, 27 applications have been approved and purchase orders issued, but at balance date no reports have been received. The expected maximum value of these grants is \$207,500, a portion of which is subject to a subsidy from EECA – estimated to be \$142,500. A further 42 applications have been received by the Trust at year end which are yet to be approved.

## 11. Related Party and Appointer Organisation Transactions

	2014 \$	2013 \$
<b>Revenue from related parties and appointer organisations</b>		
Project & administration funding from the Council	457,500	732,500
Project contributions and donations from Solid Energy NZ Ltd	-	-
Project contributions and donations from Orion NZ Ltd	-	100,000
Project contributions and donations from Meridian Energy Ltd	-	100,000
Project contributions and donations from Energy Efficiency and Conservation Authority	115,805	94,510
Project contributions and donations from Environment Canterbury Regional Council	40,000	40,000
	<u>613,305</u>	<u>1,067,010</u>
<b>Payments to related parties</b>		
Purchases from the Council	45,472	1,496
Project contributions and sponsorship to Energy Efficiency and Conservation Authority	60,000	-
	<u>105,472</u>	<u>1,496</u>
<b>Year end balances (excl GST)</b>		
Funding due from the Council	109,528	
Funding due from Energy Efficiency and Conservation Authority	10,000	71,250
	<u>119,528</u>	<u>71,250</u>

Since 1 July 2013, the management and administration of the Trust's activities have been undertaken jointly by the Council and Energy Efficiency and Conservation Authority.

## 12. Legislative Requirement

The Local Government Act 2002 requires the Trust to submit half year accounts and a statement of intent to the Council within specified timeframes. For the 2013/14 financial year, the Trust met the specified timeframes as set out in the legislation for the submission of half year accounts and the provision of its statement of intent.

## 13. 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 2014.





## Independent Auditor's Report

### To the readers of Christchurch Agency for Energy Trust's financial statements and statement of service performance for the year ended 30 June 2014

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

We have audited:

- the financial statements of the Trust on pages 4 to 6 and 9 to 15, that comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income and the statement of changes in equity for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Trust on pages 7 to 8.

### Opinion

In our opinion:

- the financial statements of the Trust on pages 4 to 6 and 9 to 15
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Trust's:
    - financial position as at 30 June 2014; and
    - financial performance for the year ended on that date; and
- the statement of service performance of the Trust on pages 7 to 8:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the Trust's service performance achievements measured against the performance targets adopted for the year ended 30 June 2014.

Our audit was completed on 16 September 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities, and we explain our independence.



## **Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Trust's financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Trustees;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

## **Responsibilities of the Trustees**

The Trustees are responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the Trust's financial position and financial performance; and
- fairly reflect its service performance achievements.



The Trustees are responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error. The Trustees are also responsible for the publication of the financial statements and statement of service performance, whether in printed or electronic form.

The Trustees' responsibilities arise from the Local Government Act 2002 and clause 13.4 of the Trust Deed of the Trust.

### **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act, section 69 of the Local Government Act 2002 and clause 13.4 of the Trust Deed of the Trust.

### **Independence**

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

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



Julian Tan  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand

