



ANNUAL ACCOUNTS

FOR

YEAR ENDED 30 JUNE 2015

CONTENTS

Directory	3
Statement of Comprehensive Revenue and Expense.....	4
Statement of Changes in Equity.....	5
Statement of Cash Flows.....	6
Statement of Financial Position.....	7
Statement of Objectives and Performance	8
Statement of Comprehensive Income	8
Notes to the Financial Statements	9
Auditor's Report	17

DIRECTORY

Address	53 Hereford Street Christchurch 8031
Trustees	J Atkinson (alternative D Chittock) D Wilson S Godfrey Robert Linterman (appointed 12 October 2014) P Cotter A Hines (resigned 12 October 2014) G Livingstone (appointed 31 July 2014)
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 2015

	Note	2015 \$	2014 \$
Revenue from operations	2(a)	420,449	570,805
Other income	2(a)	70,022	41,644
		490,471	612,449
Depreciation and impairment		356	356
Other expenses	2(b)	60,244	284,477
		60,600	284,833
Net Surplus for the year		429,871	327,616
Other comprehensive revenue		-	-
Total comprehensive revenue and expense		429,871	327,616

The accompanying notes form part of these financial statements.

Statement of changes in net assets/equity for the year ended 30 June 2015

	2015 \$	2014 \$
Balance as at 1 July	1,715,723	1,388,107
Total comprehensive revenue and expense for the year	429,871	327,616
Balance as at 30 June	<u>2,145,594</u>	<u>1,715,723</u>

The accompanying notes form part of these financial statements.

**Statement of cashflows
for the year ended 30 June 2015**

	2015 \$	2014 \$
Cash flows from operating activities		
Receipts from customers and other sources	525,692	530,765
Interest received	70,022	41,644
Payments to suppliers	(75,132)	(352,890)
Net GST movement	16,535	(2,173)
Net cash provided by / (used in) operating activities	537,117	217,346
Cash flows from investing activities		
Payment for property, plant and equipment	-	-
Net cash (used in) / provided by investing activities	-	-
Net increase in cash and cash equivalents	537,117	217,346
Cash and cash equivalents at beginning of period	1,611,856	1,394,510
Cash and cash equivalents at end of period	2,148,973	1,611,856

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2015

	Note	2015 \$	2014 \$
Current assets			
Cash and cash equivalents		2,148,972	1,611,856
Recoverables from non-exchange transactions	4	226	121,777
Total current assets		<u>2,149,198</u>	<u>1,733,633</u>
Non-current assets			
Property, plant and equipment	5	2,585	2,940
Total non-current assets		<u>2,585</u>	<u>2,940</u>
Total assets		<u>2,151,783</u>	<u>1,736,573</u>
Current liabilities			
Payables under exchange transactions	6	6,189	20,850
Total current liabilities		<u>6,189</u>	<u>20,850</u>
Total liabilities		<u>6,189</u>	<u>20,850</u>
Net assets		<u>2,145,594</u>	<u>1,715,723</u>
Equity			
Accumulated comprehensive revenue and expense	7	2,145,594	1,715,723
Total equity		<u>2,145,594</u>	<u>1,715,723</u>

The accompanying notes form part of these financial statements.



 P Cotter
 Chairperson
 Christchurch Agency for Energy Trust

9/9/15

 Date



 Trustee
 Christchurch Agency for Energy Trust
 ROBERT LINTERMANN

9/9/15

 Date

Statement of objectives and performance for the year ended 30 June 2015

Financial Performance Targets

	2015 Target \$	2015 Actual \$	2015 Variance \$
Revenue from Operations	420,449	420,449	-
Other income	25,000	70,022	45,022
	445,449	490,471	45,022
Less Expenses			
Energy Grant Scheme	-	-	-
EnergyFirst	50,000	19,960	(30,040)
Other Projects	10,000	-	(10,000)
Grant Administration & General Expense	111,890	40,640	(71,250)
Total Expenses	171,890	60,600	(111,290)
Net Surplus / (deficit)	273,559	429,871	156,312

Variations

The EnergyFirst grant scheme has been run jointly by the Trust and the Energy Efficiency and Conservation Authority ("EECA") since 1 July 2013. Applications for EnergyFirst grant applications are made to EECA and the Trust makes a contribution to any grants which meet the Trust's EnergyFirst grant criteria. Fewer EnergyFirst grants were paid during the year than were forecast due to the number of grant applications received and approved being lower than forecast.

Grant Administration and general expenses were lower than forecast due to the administrative efficiencies and, to a lesser degree, the reduced number of EnergyFirst grants made.

The combination of the above meant that there were more funds to invest which resulted in higher than forecast interest revenue.

Key Performance Targets

Performance Target	Performance Measure	Actual Results
Christchurch Energy Grants Scheme.	Allocating at least \$400,000 in incentive grants for initiatives within the Central City through the Christchurch Energy Grants Scheme.	Five applications were received and approved. Total grant allocated of \$1,228,200.
EECA plus CAFÉ EnergyFirst Project	At least 40 EnergyFirst applications received. At least 40 EnergyFirst design reports completed.	40 EnergyFirst applications received for 2014/15 financial year. 43 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.

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 2015. The financial statements were approved for issue by the Board of Trustees on 9 September 2015.

b. Basis of financial statement preparation

The financial statements for the year ended 30 June 2015 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. This is the Trust's first set of annual financial statements prepared in accordance with the PBE standards.

As the Trust has elected to report under Tier 2 PBE standards, it has applied disclosure concessions, where available. 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.

Where disclosure concessions have been applied by the Trust, these are discussed in the accounting policies affected.

c. Effect of first-time adoption of PBE standards on accounting policies and disclosures

With effect from 1 July 2014, the Trust is required to prepare its financial statements in accordance with Tier 2 PBE standards where it previously prepared these in accordance with the New Zealand equivalents to the International Financial Reporting Standards (NZ IFRS) under a Differential Reporting framework.

This is the first set of financial statements of the Trust that is presented in accordance with PBE standards.

The changes to accounting policies and disclosures caused by first time application of PBE accounting standards are as follows:

PBE IPSAS 1: Presentation of Financial Statements

There are minor differences between PBE IPSAS 1 and the equivalent NZ IFRS (PBE) standard. These differences have an effect on disclosure only. The main change in disclosure resulting from the application of PBE IPSAS 1 is the following:

Receivables from exchange and non-exchange transactions:

The 2014 financial statements had receivables presented as a single total in the statement of financial position. However, PBE IPSAS 1 requires receivables from non-exchange transactions and receivables from exchange transactions to be presented separately in the statement of financial position. This requirement affects the presentation of both 2015 and 2014 receivables figures.

Statement of cashflows

PBE IPSAS 1 requires a statement of cashflows.

PBE IPSAS 23: Revenue from Non-Exchange Transactions

PBE IPSAS 23 prescribes the financial reporting requirements for revenue arising from non-exchange transactions. There is no equivalent financial reporting standard under NZ IFRS. The application of this standard only had presentation impact on the Trust's financial statements.

d. 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.

Revenue from exchange and non-exchange transactions

Revenue from exchange transactions arises where the Trust provides goods or services to another entity and directly received approximately equal value (primarily in the form of cash) in exchange.

Revenue from non-exchange transactions arises from transactions that are not exchange transactions. These are transactions where the Trust received value from another party without giving approximately equal value directly in exchange for the value received. Fair value of the non-exchange transactions approximates the face value of the receipts

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 3-30years

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. 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.

l. Standards issued and not yet effective and not early adopted.

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The Trust has applied these standards in preparing the 30 June 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the non-profit sector. These updated standards apply to PBE's with reporting periods beginning on or after 1 April 2015. The Trust will apply these updated standards in preparing its 30 June 2016 financial statements. The Trust expects that there will be minimal or no change in applying these updated accounting standards.

2. Profit from operations

a. Revenue

	2015 \$	2014 \$
Revenue from operations		
Appointer Contributions	100,000	140,000
CCC - Project Contributions	320,449	357,500
EECA Subsidy	-	73,305
	<u>420,449</u>	<u>570,805</u>
Other Income		
Interest received	70,022	41,644
	<u>70,022</u>	<u>41,644</u>
Total revenue	<u>490,471</u>	<u>612,449</u>

Revenue can also be split between revenue from exchange transactions and non-exchange transactions.

	2015 \$	2014 \$
Revenue from non-exchange transactions		
Appointer Contributions	100,000	140,000
CCC - Project Contributions	320,449	357,500
EECA Subsidy	-	73,305
	<u>420,449</u>	<u>570,805</u>
Revenue from exchange transactions		
Interest received	70,022	41,644
	<u>70,022</u>	<u>41,644</u>

b. Expenses

	2015 \$	2014 \$
Other Expenses:		
Grant Management & Administration	16,784	82,519
Secretarial, Financial & Legal Costs	19,725	19,480
Office Administration	-	151
Marketing	75	2,797
Project Costs	-	55,000
Grants - EnergyFirst	19,960	120,930
Auditor's Remuneration	3,700	3,600
	<u>60,244</u>	<u>284,477</u>

Note

3

3. Remuneration of Auditors

	2015 \$	2014 \$
Audit of financial statements	3,700	3,600
	<u>3,700</u>	<u>3,600</u>

4. Recoverables from non-exchange transactions

	2015 \$	2014 \$
Recoverable from non-exchange transactions	226	121,777
Receivables from exchange transactions	-	-
	<u>226</u>	<u>121,777</u>
Comprising of:		
Debtors and accruals	-	121,028
GST receivable	226	749
	<u>226</u>	<u>121,777</u>

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

5. Property, plant & equipment

	2015 \$	2014 \$
Office Equipment		
Opening Balance 1 July	3,563	3,563
Additions	-	-
Balance at 30 June	<u>3,563</u>	<u>3,563</u>
Accumulated depreciation, amortisation and impairment:		
Opening Balance at 1 July	(623)	(267)
Depreciation expense	(356)	(356)
Balance at 30 June	<u>(978)</u>	<u>(623)</u>
Net book value as at 30 June	<u>2,585</u>	<u>2,940</u>

6. Payables under exchange transactions

	2015 \$	2014 \$
Payables under exchange transactions		
Trade payables	1,739	-
Audit fee	3,700	3,600
Accruals	750	17,250
	<u>6,189</u>	<u>20,850</u>

7. Accumulated funds

	2015	2014
	\$	\$
Balance at beginning of financial year	1,715,723	1,388,107
Surplus/(deficit)	429,871	327,616
Balance at end of financial year	<u>2,145,594</u>	<u>1,715,723</u>

8. Financial Instruments

	2015	2014
	\$	\$
Financial assets:		
Current assets		
Cash and cash equivalents	2,148,972	1,611,856
Trade and other receivables	226	121,777
	<u>2,149,198</u>	<u>1,733,633</u>
Financial liabilities:		
Current liabilities		
Trade and other payables	6,189	20,850
	<u>6,189</u>	<u>20,850</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 (2014: AA).

9. Commitments

Christchurch Energy Grants

4 grants, totalling \$1,200,000 have been approved by the Trust and contracts have been signed as at 30 June 2015. These are expected to be paid in instalments during 2015/16, 2016/17 and 2017/18 financial years upon meeting the requirements per their agreements (2014: \$300,000).

A further 3 grants, totalling \$628,200 have been approved by the Trust as at 30 June 2015, but contracts have yet to be signed (2014: \$300,000).

10. Contingencies

The Trust has no contingent assets or liabilities as at 30 June 2015 (2014: nil)

11. Related Party and Appointer Organisation Transactions

	2015 \$	2014 \$
Revenue from related parties and appointer organisations		
Project & administration funding from the Council	420,449	457,500
Project contributions and donations from EECA	-	115,805
Project contributions and donations from Environment Canterbury Regional Council	-	40,000
	<u>420,449</u>	<u>613,305</u>
Payments to related parties		
Purchases from the Council	24,908	45,472
Project contributions and sponsorship to EECA	-	60,000
	<u>24,908</u>	<u>105,472</u>
Year end balances (excl GST)		
Funding due from the Council	-	109,528
Funding due from EECA	-	10,000
	-	<u>119,528</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 revenue represent funding from the appointer organisations as per the relevant Appointers Agreements and are not considered to be at arm's length.

The transactions shown above as payment represent payments for accounting and administration services from the Council and project funding to the EECA (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. Although these services have been provided at market value, the transactions are not considered to be at arm's length as neither Council nor EECA would 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.

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

	2015	2014
	\$	\$
Operating surplus	429,871	327,616
<i>Add non cash items</i>		
Depreciation	356	356
<i>Add/(less) items classified as investing or financing</i>	-	-
<i>Add/(less) movements in working capital items</i>		
Accounts receivable	121,550	(42,213)
Accounts payable	(14,661)	(68,413)
Net cash Inflow from operating activities	<u>537,116</u>	<u>217,346</u>

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 2015.

Independent Auditor's Report**To the readers of
Christchurch Agency for Energy Trust's
financial statements and statement of objectives and performance
for the year ended 30 June 2015**

The Auditor-General is the auditor of 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 objectives and performance of the trust on her behalf.

Opinion on the financial statements and the statement of objectives and performance

We have audited:

- the financial statements of the trust on pages 4 to 7 and 9 to 16, that comprise the statement of financial position as at 30 June 2015, 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 statement of objectives and performance of the trust on page 8.

In our opinion:

- the financial statements of the trust:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2015; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards with reduced disclosure requirements.
- the statement of objectives and performance of the trust presents fairly, in all material respects, the trust's achievements measured against the performance targets adopted for the year ended 30 June 2015.

Our audit was completed on 9 September 2015. 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 explain our independence.


1/3



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 the statement of objectives and 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 the statement of objectives and 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 in the statement of objectives and performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the statement of objectives and 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 objectives and performance 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 the disclosures in the financial statements and in the statement of objectives and performance; and
- the overall presentation of the financial statements and the statement of objectives and performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the statement of objectives and performance. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the statement of objectives and performance.

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 the preparation and fair presentation of financial statements for the trust that comply with generally accepted accounting practice in New Zealand and Public Benefit Entity Standards with reduced disclosure requirements. The Trustees are also responsible for preparation of the statement of objectives and performance for the trust.

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

2/3



The Trustees are responsible for such internal control as it determines is necessary to enable the preparation of financial statements and statement of objectives and 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 the statement of objectives and performance, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the statement of objectives and performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and clause 13.4 of the Trust Deed.

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



