



**ANNUAL ACCOUNTS**

**FOR**

**YEAR ENDED 30 JUNE 2016**

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## Directory

Address	53 Hereford Street Christchurch 8031
Trustees	P Cotter (chair) J Atkinson (alternative D Chittock) D Wilson (resigned 16 May 2016) 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 2016

	Note	2016 \$	2015 \$
Revenue from operations	1(a)	-	420,449
Other income	1(a)	56,421	70,022
		56,421	490,471
Depreciation and impairment		356	356
Other expenses	1(b)	15,571	60,244
		15,927	60,600
<b>Net Surplus for the year</b>		40,494	429,871
<b>Total comprehensive revenue and expense</b>		40,494	429,871

The accompanying notes form part of these financial statements.

## Statement of Changes in Net Assets/Equity For the Year Ended 30 June 2016

	2016 \$	2015 \$
Balance as at 1 July	2,145,594	1,715,723
Total comprehensive revenue and expense for the year	40,494	429,871
Balance as at 30 June	2,186,088	2,145,594

The accompanying notes form part of these financial statements.

## Statement of Cashflows For the Year Ended 30 June 2016

	2016	2015
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers and other sources	-	525,691
Interest received	56,421	70,022
Payments to suppliers	(15,296)	(75,132)
Net GST movement	0	16,535
Net cash provided by / (used in) operating activities	41,125	537,116
Net increase in cash and cash equivalents	41,125	537,116
Cash and cash equivalents at beginning of period	2,148,972	1,611,856
Cash and cash equivalents at end of period	2,190,097	2,148,972

The accompanying notes form part of these financial statements.

**Statement of Financial Position  
As at 30 June 2016**

	Note	2016 \$	2015 \$
<b>Current assets</b>			
Cash and cash equivalents		2,190,097	2,148,972
Recoverables from non-exchange transactions	3	271	226
<b>Total current assets</b>		2,190,368	2,149,198
<b>Non-current assets</b>			
Property, plant and equipment	4	2,229	2,585
<b>Total non-current assets</b>		2,229	2,585
<b>Total assets</b>		2,192,597	2,151,783
<b>Current liabilities</b>			
Payables under exchange transactions	5	6,509	6,189
<b>Total current liabilities</b>		6,509	6,189
<b>Total liabilities</b>		6,509	6,189
<b>Net assets</b>		2,186,088	2,145,594
<b>Equity</b>			
Accumulated comprehensive revenue and expense	6	2,186,088	2,145,594
<b>Total equity</b>		2,186,088	2,145,594

The accompanying notes form part of these financial statements.

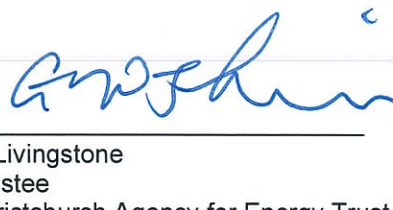


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P Cotter  
Chairperson  
Christchurch Agency for Energy Trust

24 August 2016

Date



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G Livingstone  
Trustee  
Christchurch Agency for Energy Trust

24 August 2016

Date

## Statement of Objectives and Performance For the Year Ended 30 June 2016

### Financial Performance Targets

	2016 Target \$	2016 Actual \$	2016 Variance \$
Other income	56,293	56,421	128
	56,293	56,421	128
Less Expenses:			
Energy Grant Scheme	268,200	-	268,200
Other Projects	12,000	-	12,000
Grant Administration & General Expense	18,916	15,927	2,989
Total Expenses	299,116	15,927	283,189
Net Surplus / (deficit)	(242,823)	40,494	283,317
<b>Retained Surplus</b>			
Opening Balance	2,135,498	2,145,594	10,096
Current Year Surplus	(242,823)	40,494	283,317
Closing Balance	1,892,675	2,186,088	293,413
<b>Awarded but unpaid Christchurch Energy Grant Scheme grants</b>	1,870,000	1,500,000	370,000

### Variations

There have been no payments from the Christchurch Energy Grant Scheme during the year. Two grants totalling \$268,200 were planned to be paid during the year. One is now forecast to be paid in the 2016/17 financial year and the other was cancelled during the year.

The Trust planned to spend \$12,000 on other projects, however no projects were identified during the 2016 financial year.

Grant administration and general expenses were lower than forecast due to administrative efficiencies and no Christchurch Energy Grant Scheme payments being made.

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

Due to the cancellation of grants, delay in paying planned grants, and lack of suitable grants applications, the awarded but unpaid Christchurch Energy Grant Scheme grants is \$370,000 lower than planned.

### 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.	Target was not achieved. At 30 June there is a balance of \$638,200 unallocated.

## Notes to the Financial Statements

### 1. Profit from operations

#### a. Revenue

	2016 \$	2015 \$
<b>Revenue from operations</b>		
Appointer Contributions	-	100,000
CCC - Project Contributions	-	320,449
	-	420,449
<b>Other Income</b>		
Interest received	56,421	70,022
	56,421	70,022
<b>Total revenue</b>	<b>56,421</b>	<b>490,471</b>

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

	2016 \$	2015 \$
<b>Revenue from non-exchange transactions</b>		
Appointer Contributions	-	100,000
CCC - Project Contributions	-	320,449
	-	420,449
<b>Revenue from exchange transactions</b>		
Interest received	56,421	70,022
	56,421	70,022

The Trust did not receive any contributions during 2016 financial year.

#### b. Expenses

	2016 \$	2015 \$
<b>Other Expenses:</b>		
Grant Management & Administration	564	16,784
Secretarial, Financial & Legal Costs	11,307	19,725
Marketing	-	75
Grants - EnergyFirst	-	19,960
Auditor's Remuneration	3,700	3,700
2	15,571	60,244



## 2. Remuneration of Auditors

	2016 \$	2015 \$
Audit of financial statements	3,700	3,700
	<u>3,700</u>	<u>3,700</u>

## 3. Recoverables from non-exchange transaction

	2016 \$	2015 \$
GST receivable	271	226
	<u>271</u>	<u>226</u>

	2016 \$	2015 \$
Recoverable from non-exchange transactions	271	226
	<u>271</u>	<u>226</u>

### Comprising of:

GST receivable	271	226
	<u>271</u>	<u>226</u>

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

## 4. Property, plant & equipment

	2016 \$	2015 \$
<b>Office Equipment</b>		
Opening Balance 1 July	3,563	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	(978)	(623)
Depreciation expense	(356)	(356)
Balance at 30 June	<u>(1,334)</u>	<u>(978)</u>
<b>Net book value as at 30 June</b>	<u>2,229</u>	<u>2,585</u>

## 5. Payables under exchange transactions

	2016 \$	2015 \$
<b>Payables under exchange transactions</b>		
Trade payables	2,079	1,739
Audit fee	3,700	3,700
Accruals	730	750
	<u>6,509</u>	<u>6,189</u>

## 6. Accumulated funds

	2016	2015
	\$	\$
Balance at beginning of financial year	2,145,594	1,715,723
Surplus/(deficit)	40,494	429,871
Balance at end of financial year	<u>2,186,088</u>	<u>2,145,594</u>

## 7. Financial Instruments

	2016	2015
	\$	\$
<b>Financial assets:</b>		
Current assets		
Cash and cash equivalents	2,190,097	2,148,972
Trade and other receivables	271	226
	<u>2,190,368</u>	<u>2,149,198</u>
<b>Financial liabilities:</b>		
Current liabilities		
Trade and other payables	6,509	6,189
	<u>6,509</u>	<u>6,189</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 Financial Services LLC. (2015: AA).

## 8. Commitments

### Christchurch Energy Grants

Four grants, totalling \$1,100,000 were approved by the Trust and contracts signed as at 30 June 2016. These are expected to be paid out in instalments during 2016/17 and 2017/18 financial years upon meeting the requirements set out in their agreement. (2015: \$1,200,000)

A further three grants, totalling \$400,000 were approved by the Trust as at 30 June 2016, but contracts have yet to be signed. Decisions on contracts will be made at a later date when the developments have further progressed. (2015: \$628,200)

## 9. Contingencies

The Trust has no contingent assets or liabilities as at 30 June 2016 (2015: nil)

## 10. Related Party and Appointer Organisation Transactions

	2016 \$	2015 \$
<b>Revenue from related parties and appointer organisations</b>		
Project & administration funding from the Council	-	420,449
	-	420,449
<b>Payments to related parties</b>		
Purchases from the Council	6,402	24,908
	6,402	24,908
<b>Year end balances (excl GST)</b>		
Owing to the Council	2,538	-
	2,538	-

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 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

	2016 \$	2015 \$
Operating surplus	40,494	429,871
<i>Add non cash items</i>		
Depreciation	356	356
<i>Add/(less) movements in working capital items</i>		
Accounts receivable	(45)	121,550
Accounts payable	320	(14,661)
Net cash Inflow from operating activities	<u>41,125</u>	<u>537,116</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 2016.

### **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 2016. The financial statements were approved for issue by the Board of Trustees on 24 August 2016.

#### **b. Basis of financial statement preparation**

The financial statements for the year ended 30 June 2016 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.

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. 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.

**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
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**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.

**Auditor's Report**

## 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 2016

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 6 and 8 to 14, that comprise the statement of financial position as at 30 June 2016, 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 7.

In our opinion:

- the financial statements of the Trust:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2016; 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 Tier 2 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 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 2016.

Our audit was completed on 24 August 2016. 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.



## **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 appropriateness of the reported performance information within the Trust's framework for reporting performance;
- 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 Tier 2 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 the Local Government Act 2002 and clause 13.4 of the Trust Deed.

The Trustees are responsible for such internal control as it determines is necessary to enable the preparation of financial statements and the 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 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