

TUAM LIMITED

ANNUAL REPORT

FOR

YEAR ENDED 30 JUNE 2017

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Company Directory

| | |
|-------------------|-------------------------------------|
| Registered Office | 53 Hereford Street Christchurch |
| Directors | Dr K Edwards C Bellette |
| Bankers | Bank of New Zealand Christchurch |

Statutory Disclosures For the year ended 30 June 2017

State of Affairs

Tuam Ltd sold its land and building investments on Tuam Street to the Central City Development Unit (CCDU) on 3 October 2013.

The financial statements of Tuam Limited are for the year ended 30 June 2017. For the year ended 30 June 2017, the Company made a net surplus of \$68,817 (2016: 27,028,438).

Tuam Ltd has no employees and the Company is managed by the Council under a management contract.

Directors

The persons holding office as Directors of the Company for the year and as at 30 June 2017 were:

Dr K Edwards
C Bellette (appointed 5 December 2016)
P Gudsell (ceased 25 November 2016)

The following Directors have made general disclosures of interest with respect to any transaction that may be entered into with certain organisations on the basis of them being a Director, Partner, Trustee or Officer of those organisations during the year:

| | | |
|--------------|-------------------------|---|
| Dr K Edwards | Chief Executive Officer | Christchurch City Council |
| | Director | CCC One Limited |
| | Director | Ellerslie International Flower Show Limited |
| | Director | CCC Five Limited |
| | Director | CCC Six Limited |
| | Director | CCC Seven Limited |
| | Director | Vbase Limited (ceased 21 June 2017) |
| C Bellette | Chief Financial Officer | Christchurch City Council |
| | Director | CCC One Limited |
| | Director | Ellerslie International Flower Show Limited |
| | Director | CCC Five Limited |
| | Director | CCC Six Limited |
| | Director | CCC Seven Limited |
| | Chair | Christchurch Early Intervention Trust |
| | Council member | New Zealand Family Planning |
| | Board Member | Cathedral Grammar School |

Remuneration of Directors

The company has paid insurance on behalf of its directors.

There was no other remuneration or benefits paid or due and payable to directors for services as a director or in any other capacity during the year.

Use of Company Information

During the year the Board received no notices from directors of the Company requesting to use Company information, received in their capacity as directors, which would not otherwise have been available to them.

Donations

The Company made no donations during the year.

Employees' Remuneration

The Company has no employees.

Auditors

The Auditor General is appointed under Section 14 of the Public Audit Act 2001 and Section 70 of the Local Government Act 2002. Audit New Zealand has been appointed to provide these services.



Dr Karleen Edwards
Director

Date 29-9-17



Carol Bellette
Director

Date 29-9-17

**Statement of Comprehensive Income
for the year ended 30 June 2017**

| | Note | 2017 \$000 | 2016 \$000 |
|--|------|---------------|---------------|
| Other income | 1(a) | <u>106</u> | <u>27,315</u> |
| | | <u>106</u> | <u>27,315</u> |
| Finance costs | 1(b) | - | 45 |
| Other expenses | 1(b) | <u>10</u> | <u>88</u> |
| | | <u>10</u> | <u>133</u> |
| Profit (loss) before income tax expense | | <u>96</u> | <u>27,182</u> |
| Income tax expense/(income) | 2(a) | <u>27</u> | <u>154</u> |
| Net surplus/(deficit) for period | | <u>69</u> | <u>27,028</u> |
| Other comprehensive income | | - | - |
| Total comprehensive income | | <u>69</u> | <u>27,028</u> |

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2017

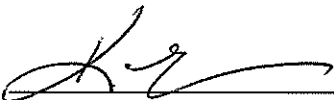
| | Capital Reserves \$000 | Retained earnings \$000 | Total equity \$000 |
|---|------------------------------|-------------------------------|--------------------------|
| Balance as at 30 June 2015 | 18,135 | 1,591 | 19,726 |
| Total comprehensive income for the year | - | 27,028 | 27,028 |
| Balance as at 30 June 2016 | 18,135 | 28,619 | 46,754 |
| Dividends paid | - | (46,813) | (46,813) |
| Total comprehensive income for the year | - | 69 | 69 |
| Balance as at 30 June 2017 | <u>18,135</u> | <u>(18,125)</u> | <u>10</u> |

The accompanying notes form part of these financial statements.


Statement of Financial Position as at 30 June 2017

| | Note | 2017 \$000 | 2016 \$000 |
|--------------------------------------|------|---------------|---------------|
| Current assets | | | |
| Cash and cash equivalents | 7 | 313 | 47,218 |
| Trade and other receivables | 4 | - | 54 |
| Current tax assets | 2(b) | - | 2 |
| | | <u>313</u> | <u>47,274</u> |
| Total assets | | 313 | 47,274 |
| Current liabilities | | | |
| Trade and other payables | 5 | 5 | 95 |
| Current tax liability | 2(b) | 27 | 154 |
| Total current liabilities | | <u>32</u> | <u>249</u> |
| Non-current liabilities | | | |
| Deferred tax liabilities | 2(c) | 271 | 271 |
| Total non-current liabilities | | <u>271</u> | <u>271</u> |
| Total liabilities | | 303 | 520 |
| Net assets | | <u>10</u> | <u>46,754</u> |
| Equity | | | |
| Capital and other equity instruments | 6 | 18,135 | 18,135 |
| Reserves | 1 | - | - |
| Retained earnings | 6(c) | (18,125) | 28,619 |
| Total equity | | <u>10</u> | <u>46,754</u> |

The accompanying notes form part of these financial statements.


 Dr Karleen Edwards
 Director

29-9-17
 Date


 Carol Bellette
 Director

29-9-17
 Date

Statement of Cash Flow **for the year ended 30 June 2017**

| | Note | 2017 \$000 | 2016 \$000 |
|--|------|-----------------|-----------------|
| Cash flows from operating activities | | | |
| Insurance proceeds | | - | 41,092 |
| Payments to suppliers | | (89) | (83) |
| Tax paid | | (152) | 56 |
| Net GST movement | | - | - |
| Net cash inflow/(outflow) from operating activities | 7(b) | <u>(241)</u> | <u>41,065</u> |
| Cash flows from investing activities | | | |
| Interest received | | 149 | 661 |
| Short-term investment matured | | - | 56,419 |
| Short-term investment purchased | | <u>-</u> | <u>(51,419)</u> |
| Net cash inflow/ (outflow) from investing activities | | <u>149</u> | <u>5,661</u> |
| Cash flows from financing activities | | | |
| Interest and other finance costs paid | | - | (45) |
| Dividends paid | | <u>(46,813)</u> | <u>-</u> |
| Net cash provided by/(used in) financing activities | | <u>(46,813)</u> | <u>(45)</u> |
| Net inflow/ (outflow) of cash | | (46,905) | 46,681 |
| Opening bank and short term investments | | 47,218 | 537 |
| Represented by: | | | |
| Cash and cash equivalents | | <u>313</u> | <u>47,218</u> |

The accompanying notes form part of these financial statements.

Statement of Service Performance for the year ended 30 June 2017

Financial Performance Targets

Financial Performance Targets

| | 2017 Actual \$000 | 2017 Target \$000 | 2017 Variance \$000 |
|--|-------------------------|-------------------------|---------------------------|
| Total revenue | 106 | 23 | 83 |
| Total expenses | 10 | 14 | 4 |
| Net surplus before tax | 96 | 9 | 79 |
| Subvention receipt / payment | (27) | (3) | (24) |
| Net surplus after tax | 69 | 6 | 55 |
| Equity | 18,135 | 18,135 | - |
| Retained earnings | (18,125) | (17,207) | (918) |
| | 10 | 928 | (918) |
| Debt | - | - | - |
| Total assets | 313 | 1,202 | (889) |
| Ratio of shareholders' funds to total assets | 3% | 77% | 103% |

Variances:

Total revenue is higher than expected due to more interest received during the year.
Subvention receipt is higher than expected as a result of the higher net surplus.

Retained earnings are lower than expected due to an unplanned dividend of \$814,374 paid in June 2017. Total assets is also reduced as a result of this dividend payment.

The company's net assets is reduced to a minimal level after paying out two dividends during the year. Ratio of shareholders' funds to total assets is therefore significantly lower than expected.

Operational Performance Targets

Tuam uses the following measures to assess its performance of the financial year:

| Performance Target | Performance Measure | Results |
|--|---|--|
| The company will distribute capital to Council. | The Company will pay a dividend of \$46 million to Council. | The company paid two dividends totalling \$46,813,937 this year. |
| The company meets all relevant legislative and contractual requirements. | No breaches of legislative or contractual requirements are recorded | There have been no breaches recorded to date. |

Notes to the Financial Statements

1. Profit from operations

a) Revenue

| | 2017 \$000 | 2016 \$000 |
|----------------------|---------------|---------------|
| Revenue | | |
| Interest revenue | 106 | 683 |
| Insurance recoveries | - | 26,632 |
| | <u>106</u> | <u>27,315</u> |
| Total revenue | <u>106</u> | <u>27,315</u> |

b) Expenses

| | 2017 \$000 | 2016 \$000 |
|------------------------|---------------|---------------|
| Finance costs | | |
| Interest expense | - | 45 |
| | <u>-</u> | <u>45</u> |
| Other expenses | | |
| Insurance | 4 | 4 |
| Earthquake costs | - | 75 |
| Consultancy fees | 1 | 4 |
| Auditor's remuneration | 3 5 | 5 |
| | <u>10</u> | <u>88</u> |
| Total Expenses | <u>10</u> | <u>133</u> |

2. Income taxes

a) Income tax recognised in profit or loss

| | 2017 \$000 | 2016 \$000 |
|-------------------------------|---------------|---------------|
| Current tax expense/(income) | 27 | 154 |
| Deferred tax expense/(income) | - | - |
| Total tax expense/(income) | <u>27</u> | <u>154</u> |
| Attributable to: | | |
| Continuing operations | <u>27</u> | <u>154</u> |
| | <u>27</u> | <u>154</u> |

| | 2017 \$000 | 2016 \$000 |
|--|---------------|---------------|
| Profit/(loss) before tax | 96 | 27,182 |
| Income tax expense calculated at 28% (2016: 28%) | 27 | 7,611 |
| Insurance proceeds on sale of building | - | (7,457) |
| | <u>27</u> | <u>154</u> |

b) Current tax assets and liabilities

| | 2017 \$000 | 2016 \$000 |
|------------------------------|---------------|---------------|
| Current tax assets: | | |
| Tax refund receivable - RWT | - | 2 |
| | <u>-</u> | <u>2</u> |
| Current tax payables: | | |
| Subvention payable | 27 | 154 |
| | <u>27</u> | <u>154</u> |

c) Deferred tax liabilities (assets)

| | Opening balance \$000 | Recognised in P&L \$000 | Closing Balance \$000 |
|--------------------------------|-----------------------------|-------------------------------|-----------------------------|
| Year ended 30 June 2017 | | | |
| Earthquake recoveries | 271 | 27 | 298 |
| | <u>271</u> | <u>27</u> | <u>298</u> |
| | | | |
| | Opening balance \$000 | Recognised in P&L \$000 | Closing Balance \$000 |
| Year ended 30 June 2016 | | | |
| Earthquake recoveries | 271 | - | 271 |
| | <u>271</u> | <u>-</u> | <u>271</u> |

3. Remuneration of auditors

| | 2017 \$000 | 2016 \$000 |
|-------------------------------|---------------|---------------|
| Audit New Zealand: | | |
| Audit of financial statements | 5 | 5 |
| | <u>5</u> | <u>5</u> |

4. Current trade and other receivables

| | 2017 \$000 | 2016 \$000 |
|----------------------|---------------|---------------|
| Current: | | |
| Debtors and accruals | - | 43 |
| GST receivable | - | 11 |
| | <u>-</u> | <u>54</u> |

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

5. Current trade and other payables

| | 2017 \$000 | 2016 \$000 |
|------------------------|---------------|---------------|
| Trade payables | 5 | 9 |
| Related party payables | - | 86 |
| | <u>5</u> | <u>95</u> |

6. Capital and other equity instruments

| | 2017 \$000 | 2016 \$000 |
|---|---------------|---------------|
| Fully paid ordinary shares | 17,635 | 17,635 |
| Fully paid redeemable preference shares (A) | 500 | 500 |
| | <u>18,135</u> | <u>18,135</u> |

a) Fully paid ordinary shares

| | 2017 No. (000) | 2017 \$000 | 2016 No. (000) | 2016 \$000 |
|---|-------------------|---------------|-------------------|---------------|
| Balance at beginning of financial year | 24,635 | 24,635 | 24,635 | 24,635 |
| Less: uncalled portion of shares issued | (7,000) | (7,000) | (7,000) | (7,000) |
| Balance at end of financial year | <u>17,635</u> | <u>17,635</u> | <u>17,635</u> | <u>17,635</u> |

b) Fully paid redeemable preference shares (A)

| | 2017 No. (000) | 2017 \$000 | 2016 No. (000) | 2016 \$000 |
|--|-------------------|---------------|-------------------|---------------|
| Balance at beginning of financial year | 500 | 500 | 500 | 500 |
| Balance at end of financial year | <u>500</u> | <u>500</u> | <u>500</u> | <u>500</u> |

The redeemable preference shares may be redeemed at any time by special resolution of the Company.

c) Retained Earnings

| | 2017 \$000 | 2016 \$000 |
|--|-----------------|---------------|
| Balance at beginning of financial year | 28,619 | 1,591 |
| Dividends provided for or paid | (46,813) | - |
| Surplus | 69 | 27,028 |
| Balance at end of financial year | <u>(18,125)</u> | <u>28,619</u> |

7. Notes to the cash flow statement

a) Reconciliation of cash and cash equivalents

| | 2017 \$000 | 2016 \$000 |
|---------------------------|---------------|---------------|
| Cash and cash equivalents | <u>313</u> | <u>47,218</u> |
| | <u>313</u> | <u>47,218</u> |

b) Reconciliation of profit for the year to net cash flows from operating activities

| | 2017 \$000 | 2016 \$000 |
|--|---------------|---------------|
| Net surplus/ (deficit) | <u>69</u> | <u>27,028</u> |
| Add/(less) Non cash items | | |
| Gain on asset revaluation | - | - |
| Movement in deferred tax balance | - | - |
| Add/(Less) Items classed as financing or investing activities | | |
| Interest received classed as investing | (149) | (616) |
| Add/(Less) Movement in working capital items | | |
| Debtors - current | 54 | 14,438 |
| Creditors | (90) | 5 |
| Tax payable / receivable | (125) | 210 |
| | <u>(310)</u> | <u>14,037</u> |
| Net cash inflow/(outflow) from operating activities | <u>(241)</u> | <u>41,065</u> |

8. Related party transactions

| | 2017 \$000 | 2016 \$000 |
|--|---------------|---------------|
| Receipts from related parties | | |
| Interest received from Council | 81 | 623 |
| Payments to related parties | | |
| Dividends paid to Council | 46,813 | - |
| Operating costs charged by the Council | - | 75 |
| Year end balances (excl GST) | | |
| Accrued interest from the Council | - | 43 |
| Accrued payables to the Council | - | 86 |

The company expects to pay \$26,857 of subvention payments to other members of the Council group and use \$69,062 of tax losses offset from other group companies.

In 2016, company expected to pay \$153,695 of subvention payments to other members of the Council group and use \$395,217 of tax losses offset from other group companies.

9. Financial InstrumentsCredit quality of financial instruments

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit rating (if available) or to historical information about counterparty default rates:

| | | 2017 \$000 | 2016 \$000 |
|---|----|---------------|---------------|
| Counterparties with Credit Ratings | | | |
| Cash and cash equivalents | AA | 313 | 473 |
| | A | - | 46,745 |
| Total Financial Assets | | <u>313</u> | <u>47,218</u> |

Classification of financial instruments

| | Loans & Receivables \$000 | Other amortised cost \$000 | Total carrying amount \$000 |
|-------------------------------|---------------------------------|-------------------------------------|--------------------------------------|
| As at 30 June 2017 | | | |
| Financial assets: | | | |
| Current assets | | | |
| Cash and cash equivalents | 313 | - | 313 |
| | <u>313</u> | <u>-</u> | <u>313</u> |
| Financial liabilities: | | | |
| Current liabilities | | | |
| Trade and other payables | - | 5 | 5 |
| | <u>-</u> | <u>5</u> | <u>5</u> |

| | Loans & Receivables \$000 | Other amortised cost \$000 | Total carrying amount \$000 |
|-------------------------------|---------------------------------|-------------------------------------|--------------------------------------|
| As at 30 June 2016 | | | |
| Financial assets: | | | |
| Current assets | | | |
| Cash and cash equivalents | 47,218 | - | 47,218 |
| Trade and other receivables | 54 | - | 54 |
| | <u>47,272</u> | <u>-</u> | <u>47,272</u> |
| Financial liabilities: | | | |
| Current liabilities | | | |
| Trade and other payables | - | 95 | 95 |
| | <u>-</u> | <u>95</u> | <u>95</u> |

Maturity profile of financial instruments

| | Carrying Amount \$000 | Contractual Cash Flows \$000 | Less than 1 year \$000 | 1 - 2 years \$000 | 3 - 5 years \$000 | More than 5 years \$000 |
|-------------------------------|-----------------------------|------------------------------------|---------------------------------|-------------------------|-------------------------|----------------------------------|
| As at 30 June 2017 | | | | | | |
| Financial assets: | | | | | | |
| Cash and cash equivalents | 313 | 313 | 313 | - | - | - |
| | <u>313</u> | <u>313</u> | <u>313</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Financial liabilities: | | | | | | |
| Trade payables | 5 | 5 | 5 | - | - | - |
| | <u>5</u> | <u>5</u> | <u>5</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| As at 30 June 2016 | | | | | | |
| Financial assets: | | | | | | |
| Cash and cash equivalents | 47,218 | 47,218 | 47,218 | - | - | - |
| Trade receivables | 54 | 54 | 54 | - | - | - |
| | <u>47,272</u> | <u>47,272</u> | <u>47,272</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Financial liabilities: | | | | | | |
| Trade payables | 95 | 95 | 95 | - | - | - |
| | <u>95</u> | <u>95</u> | <u>95</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Financial instrument risk

The Company has a series of policies to manage the risks associated with financial instruments. The Company is risk averse and seeks to minimise exposure from its financing activities.

Credit risk management

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and short term investments. The Company's maximum exposure in respect of these financial instruments are the amounts as discussed in notes 9. The Company places its cash and term deposits with banking institutions that have a Standard and Poor's rating of AA or A.

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and maintaining adequate reserves.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Company's profit or the value of its holdings in financial instruments.

Interest Rates

The Company is exposed to interest rate risk through its cash and short term investments.

Foreign exchange

The Company has no exposure to foreign exchange risk.

Capital management

The Company's capital comprises share capital and retained earnings. The Company manages its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes current and future interests of the community.

10. Commitments for expenditure

There are no lease or other expenditure commitments (2016:Nil).

There are no capital expenditure commitments (2016:Nil).

11. Post balance date events

The Company is exempt from being a Council Controlled Organisation under section 7 of Local Government Act from 1 July 2017.

(2016: The Company declared and paid a dividend of \$46 million on 29 July 2016.)

12. Contingencies

There are no contingent liabilities or contingent assets as at 30 June 2017. (2016: Nil)

13. Statement of Significant Accounting Policies

a) Reporting Entity

These are the financial statements of Tuam Limited ("the Company").

The Company is registered under the Companies Act 1993 and is domiciled in New Zealand. The Company is a Council Controlled Trading Organisation as defined by Section 6 of the Local Government Act 2002.

The primary purpose of the Company was to manage the Council's former civic buildings/offices and the Tuam Street car park. Accordingly, the Company has designated itself as a profit oriented entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). The Company is not considered 'large' for the purposes determining the appropriate reporting tier and has consequently opted to report as a Tier 2 entity applying NZ IFRS with Reduced Disclosure Requirements.

The financial statements of the company are for the year ended 30 June 2017. The financial statements were authorised for issue by the Board of Directors on 29 September 2017.

b) Basis of financial statement preparation

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 thousand dollars (\$000).

In preparing these financial statements the Company 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 of future events that are believed to be reasonable under the circumstances. In the process of applying these accounting policies, management has made the following judgements, estimates and assumptions that have the most significant impact on the amounts recognised in these financial statements;

c) Statement of Compliance

The financial statements of the Company have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with the New Zealand equivalents to Tier 2 NZ IFRS. The Company will apply NZ IFRS with reduced reporting disclosures.

d) Changes in Accounting Policies

There have been no changes in accounting policies during the financial year.

e) Revenue

Interest income is recognised using the effective interest method.

Insurance recoveries are recognised when the claim can be reliably measured and where there is virtual certainty of receiving the amount.

f) Income tax

Income tax on the profit or loss comprises current and deferred tax. Income tax is recognised through comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

g) 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. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows, and in current liabilities on the statement of financial position.

h) Financial Assets

Term deposits with maturities greater than three months are measured at amortised cost and have been designated as loans and receivables.

i) Trade and other receivables

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

j) Impairment

The carrying amounts of the Company's assets, other than deferred tax assets, are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

k) Trade and other payables

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

l) Equity

Share capital – ordinary shares and redeemable preference shares are classified as equity.

m) 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 Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Independent Auditor's Report

To the readers of Riccarton Bush Trust's financial statements and performance information for the year ended 30 June 2017

The Auditor-General is the auditor of Riccarton Bush 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 7 and 12 to 22, that comprise the statement of financial position as at 30 June 2017, 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 pages 8 to 11.

In our opinion:

- the financial statements of the Trust on pages 4 to 7 and 12 to 22:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2017; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.
- the performance information of the Trust on pages 8 to 11 presents fairly, in all material respects, the Trust's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Trust's objectives for the year ended 30 June 2017.

Our audit was completed on 27 September 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements and the performance information, and we explain our independence.

Basis for opinion

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Trustees for the financial statements and the performance information

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

The Trustees are responsible for such internal control as it determines 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 have no realistic alternative but to do so.

The Trustees' responsibilities arise from the Local Government Act 2002.

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 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 pages 3 to 13, 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