



ANNUAL ACCOUNTS

FOR

YEAR ENDED 30 JUNE 2013

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DIRECTORY

Address	38 Birmingham Drive Christchurch 8024
Trustees	R Parker L Itskovich (resigned 10 August 2012) A Matheson (resigned 30 June 2013) W Highet (resigned 30 June 2013) J Atkinson S Buck R Jamieson (resigned 30 June 2013) A Hines
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 2013**

	Note	2013 \$	2012 \$
Revenue from operations	2(a)	1,112,010	1,002,500
Other income	2(a)	24,357	27,316
		<u>1,136,367</u>	<u>1,029,816</u>
Depreciation and Impairment		267	-
Other expenses	2(b)	676,332	1,006,122
		<u>676,599</u>	<u>1,006,122</u>
Net Surplus/(Deficit) for the year		<u>459,768</u>	<u>23,694</u>
Other Comprehensive Income		-	-
Total Comprehensive Income		<u>459,768</u>	<u>23,694</u>

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2013

	2013 \$	2012 \$
Balance as at 1 July	928,339	904,645
Total comprehensive income for the year	459,768	23,694
Balance as at 30 June	<u>1,388,107</u>	<u>928,339</u>

The accompanying notes form part of these financial statements.


**Statement of Financial Position
as at 30 June 2013**

	Note	2013 \$	2012 \$
Current assets			
Cash and cash equivalents		1,394,510	770,894
Trade and other receivables	4	79,564	183,417
Total Current Assets		<u>1,474,074</u>	<u>954,310</u>
Non-current assets			
Property, plant and equipment	5	3,296	-
Total non-current assets		<u>3,296</u>	<u>-</u>
Total assets		<u>1,477,370</u>	<u>954,310</u>
Current liabilities			
Trade and other payables	6	89,263	25,971
Total current liabilities		<u>89,263</u>	<u>25,971</u>
Total liabilities		<u>89,263</u>	<u>25,971</u>
Net assets		<u>1,388,107</u>	<u>928,339</u>
Equity			
Retained earnings	8	1,388,107	928,339
Total equity		<u>1,388,107</u>	<u>928,339</u>

The accompanying notes form part of these financial statements.



R Parker
Chairperson
Christchurch Agency for Energy Trust



Trustee
Christchurch Agency for Energy Trust

14 August 2013
Date

14 August 2013
Date

Statement of Objectives and Performance for the year ended 30 June 2013

Financial Performance Targets

	Jun 2013 Target \$	Jun 2013 Actual \$	Jun 2013 Variance \$
Revenue from Operations	1,096,500	1,112,010	15,510
Other income	-	24,357	24,357
	1,096,500	1,136,367	39,867
Less Expenses			
Committed Expenditure	1,001,900	676,332	(325,568)
Discretionary Expenditure	575,900	-	(575,900)
Depreciation	-	267	267
Total Expenses	1,577,800	676,599	(901,201)
Net Surplus / (deficit)	(481,300)	459,768	941,068

Variance

Committed expenditure is lower than planned due to delays in the delivery of the EnergyFirst programme. As outlined in Note 9 to the financial statements, the Trust has approved applications and issued purchase orders for 27 grants where no report has been received and a further 42 applications were received but not approved at 30 June. The cost of these grants will be incurred in the 2013/14 financial year once the reports have been provided.

Discretionary expenditure is the utilisation of prior years retained earnings. However, with lower than planned project delivery, the discretionary expenditure planned did not need to be utilised.

Key Performance Targets

Performance Target	Performance Measure	Actual Results
Educational role – Primary role is to raise awareness about energy efficiency and renewable energy options as a value proposition.	Carry out an annual survey of public awareness on energy efficiency and renewable energy issues.	Annual survey completed, distributed to Trustees, published on website and media statement released to media.
Brokerage role – The facilitation of projects delivering benefits to businesses and larger organisations (including schools, hospitals and the transport sector).	Review matters raised by the community in Energy Dialogues component of EA12	A review of the current initiatives by the board has determined that the Trust will not proceed with a review of matters raised in the Energy Dialogues component of EA12.
	Ongoing implementation of an Energy Design Advisory Scheme for major buildings.	At the end of June 2013, a total of 90 applications for the EnergyFirst programme have been received with a total floor space of 305,553 sq. m. Total approved applications are 154,418 sq. m. Initial estimates of savings based on completed projects indicate that the programme has delivered among the most cost effective energy savings in the country.
Influencing role – Lobbying government and government agencies, particularly in the area of legislative and rule changes impacting on energy efficiency and the use of renewable energy.	CAfE considers and as it feels appropriate, makes submissions on, or suggests changes to, legislation and/or regulatory changes impacting on energy efficiency and the use of renewable energy, particularly as it relates to Christchurch.	No submissions were made.
Exploring and developing initiatives relating to improvement in energy efficiency and increased use of renewable forms of energy.	Report on new initiatives identified during the year, for current or future action by CAfE.	Following the resignation of 3 appointer organisations, the Trustees agreed to focus on the delivery of the EnergyFirst initiative and create a new Energy Grants scheme in conjunction with the Christchurch City Council.

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 (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 2013. The financial statements were approved for issue by the Board of Trustees on 14 August 2013

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 initially measured at fair value and subsequently measured at amortised cost less impairment provision.

g. Trade and other payables

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

h. 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.

i. 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.

j. Critical accounting estimates and assumptions

In preparing these financial statements the Trust has made estimates and assumptions concerning the future and its continued income sources. Under the terms of the Trust appointer contributions were reviewed in June 2013, this provided an opportunity for Solid Energy, Orion and Meridian to withdraw as appointer organisations. 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.

k. 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 will continue to apply 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 will need to determine at which tier it will report at for the 2014/15 financial statements.

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

	2013 \$	2012 \$
Revenue from operations		
Appointer Contributions	340,000	435,000
CCC - Project Contributions	632,500	432,500
EECA Subsidy	94,510	135,000
Ministry of Education Subsidy	45,000	-
	<u>1,112,010</u>	<u>1,002,500</u>
Other Income		
Interest received	24,357	24,526
Sundry income	-	2,790
	<u>24,357</u>	<u>27,316</u>
Total revenue	<u><u>1,136,367</u></u>	<u><u>1,029,816</u></u>

b. Expenses

	2013	2012
Note	\$	\$
Other Expenses:		
Trustee Costs	84	370
Contractor Costs	146,778	140,731
Communications & Relations	70,079	104,989
Financial & Legal Costs	9,327	24,216
Office Administration	19,062	18,310
Marketing	55,512	29,787
Project costs	140,039	159,330
Consultancy Costs	94,611	127,093
Grants	22,500	25,000
Grants - EnergyFirst	114,340	-
District Energy Feasibility - Consultancy Costs	-	373,295
Auditors remuneration	4,000	3,000
3	676,332	1,006,122
	676,332	1,006,122

3. Remuneration of Auditors

	2013	2012
	\$	\$
Audit of financial statements	4,000	3,000
	4,000	3,000
	4,000	3,000

4. Current trade and other receivables

	2013	2012
	\$	\$
RWT receivable	-	7,767
GST receivable	4,582	8,900
Trade receivables	3,732	-
Related party receivables	71,250	166,750
	79,564	183,417
	79,564	183,417

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

5. Property, Plant & Equipment

	Office Equipment at cost \$	Total \$
Gross carrying amount:		
Balance at 30 June 2012	-	-
Additions	3,563	3,563
Balance at 30 June 2013	<u>3,563</u>	<u>3,563</u>
Accumulated depreciation, amortisation and impairment:		
Balance at 30 June 2012	-	-
Depreciation expense	(267)	(267)
Balance at 30 June 2013	<u>(267)</u>	<u>(267)</u>
Net book value as at 30 June 2013	<u>3,296</u>	<u>3,296</u>

6. Current trade and other payables

	2013 \$	2012 \$
Trade payables	30,763	25,971
General Accruals	58,500	-
	<u>89,263</u>	<u>25,971</u>

7. Retained Earnings

	2013 \$	2012 \$
Balance at beginning of financial year	928,339	904,645
Surplus/(deficit)	459,768	23,694
Balance at end of financial year	<u>1,388,107</u>	<u>928,339</u>

8. Financial Instruments

Financial instruments are cash and cash equivalents.

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 (2012: AA-).

9. Contingencies

The Trust has received a number of applications for EnergyFirst grants. Where the reports have been completed this cost has been accrued at year end.

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.

10. Related Party and Appointer Organisation Transactions

	2013 \$	2012 \$
Revenue from related parties and appointer organisations		
Project & administration funding from the Council	732,500	532,500
Project contributions and donations from Solid Energy NZ Ltd	-	70,000
Project contributions and donations from Orion NZ Ltd	100,000	100,000
Project contributions and donations from Meridian Energy Ltd	100,000	101,260
Project contributions and donations from Energy Efficiency and Conservation Authority	94,510	160,630
Project contributions and donations from Environment Canterbury Regional Council	40,000	40,000
	<u>1,067,010</u>	<u>1,004,390</u>
Payments to related parties		
Purchases from the Council	1,496	468
	<u>1,496</u>	<u>468</u>
Year end balances (excl GST)		
Funding due from Energy Efficiency and Conservation Authority	71,250	166,750

In addition to project and administration funding, the Council provides administrative and financial support to the Trust at no cost.

11. 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 2012/13 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 draft statement of intent. Due to the review of the Trust's initiatives the final statement of intent was not delivered to the Council within the required timeframe.

12. Post balance date events

With effect from 30 June 2013 three of the initial appointer organisations (Meridian Energy Limited, Orion New Zealand Limited and Solid Energy Limited (Renewables Division)) withdrew from the Trust. In anticipation of the withdrawal of the three organisations the Trust undertook a review of its initiatives which has resulted in the Trust changing its focus from 1 July 2013.

The Trust's focus from 1 July 2013 will be on supporting the uptake of renewable energy and enhanced energy-efficiency in rebuild projects through the continued funding of the EnergyFirst grants in conjunction with EECA and to establish the Christchurch Energy Grant Scheme. The review recognised that many of the current activities of the Trust could be picked up by the Council and other parties such as EECA and Environment Canterbury as part of their normal activities.

The Trust amended its draft statement of intent to reflect this change and approved it for submission to the Council on 14 August 2013.

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 2013

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 the statement of objectives and performance of the Trust on her behalf.

We have audited:

- the financial statements of the Trust on pages 4 to 15 that comprise the statement of financial position as at 30 June 2013, 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 objectives and performance of the Trust on pages 7 and 8.

Opinion

In our opinion:

- the financial statements of the Trust on pages 4 to 15:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Trust's:
 - financial position as at 30 June 2013; and
 - financial performance for the year ended on that date; and
- the statement of objectives and performance of the Trust on pages 7 and 8:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the Trust's objectives and performance achievements measured against the performance targets adopted for the year ended 30 June 2013.

Our audit was completed on 14 August 2013. 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 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 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 the statement of objectives and 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 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 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 objectives and 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 objectives and performance achievements.

The Trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements and a 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.

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 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, section 69 of the Local Government Act 2002 and clause 13.5 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