

Taranaki Electricity Trust

Annual Report

For the year ended 30 June 2020

Taranaki Electricity Trust
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For the year ended 30 June 2020

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**Taranaki Electricity Trust
Trust Directory
For the year ended 30 June 2020**

Trustees:	Alan L Jamieson Tony G Bedford Michael G Davey Andrew D Wood Melissa A Kay Jonathan M S Erwood
Registered Office:	84 Rata Street PO Box 163 Inglewood
Secretary/Financial Manager:	Grant Hassall 20 Robe Street New Plymouth
Auditors:	Baker Tilly Staples Rodway Audit Limited 109-113 Powderham Street New Plymouth
Bankers:	TSB Bank 199 Broadway Stratford
Solicitors:	RMY Legal 136-138 Powderham Street New Plymouth

Taranaki Electricity Trust
Statement of Comprehensive Revenue and Expense
For the year ended 30 June 2020

	Note	2020	2019
		\$	\$
Revenue from Exchange Transactions			
Interest & Dividends	2	<u>3,787,767</u>	<u>4,300,357</u>
Total Revenue		<u>3,787,767</u>	<u>4,300,357</u>
Expenses			
Audit Fee		6,899	7,515
Depreciation	9	5,648	7,823
Trustees Remuneration		150,391	153,915
Trustees Expenses		7,993	8,080
Operating Expenses	3	<u>569,339</u>	<u>476,693</u>
Total Expenses		740,270	654,026
Net Operating Surplus Before Grants		3,047,497	3,646,331
Grants	4	2,699,011	2,510,920
Net Surplus Before Fair Value Adjustments		348,486	1,135,411
Fair Value Gain in Investment Portfolio		(8,361,518)	1,822,688
Net Surplus/(Deficit)		<u>(8,013,032)</u>	<u>2,958,099</u>
Total Comprehensive Revenue and Expense		<u>(8,013,032)</u>	<u>2,958,099</u>

The accompanying notes form part of these financial statements

Taranaki Electricity Trust
Statement of Changes in Equity
For the year ended 30 June 2020

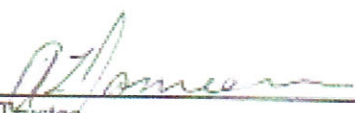
	Note	Capital \$	Reserves \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2018		22,213,561	-	77,690,285	99,903,846
Total Comprehensive Revenue and Expenses		-	-	2,958,099	2,958,099
Transfer to Major Project Reserve	13	-	<u>631,566</u>	<u>(631,566)</u>	-
Balance at 30 June 2019		<u>22,213,561</u>	<u>631,566</u>	<u>80,016,818</u>	<u>102,861,945</u>
Balance at 1 July 2019		22,213,561	631,566	80,016,818	102,861,945
Total Comprehensive Revenue and Expenses		-	-	(8,013,032)	(8,013,032)
Transfer to Major Project Reserve	13	-	<u>500,989</u>	<u>(500,989)</u>	-
Balance at 30 June 2020		<u>22,213,561</u>	<u>1,132,555</u>	<u>71,502,797</u>	<u>94,848,913</u>

The accompanying notes form part of these financial statements

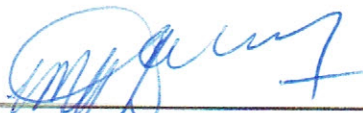
Taranaki Electricity Trust
Statement of Financial Position
As at 30 June 2020

	Note	2020 \$	2019 \$
Current Assets			
Cash & Cash Equivalents	5	182,279	449,801
Receivables from Exchange Transactions	6	3,364	12,132
Advances	8	<u>306,500</u>	<u>209,378</u>
		492,143	671,310
Non-Current Assets			
Investments	7	87,039,410	94,327,491
Advances	8	8,873,751	9,189,083
Property, Plant & Equipment	9	<u>336,963</u>	<u>336,971</u>
		<u>96,250,124</u>	<u>103,853,545</u>
Total Assets		<u>96,742,267</u>	<u>104,524,855</u>
Current Liabilities			
Payables under Exchange Transactions	10	66,139	43,691
Provision for Grants	11	<u>1,827,215</u>	<u>1,619,219</u>
		<u>1,893,354</u>	<u>1,662,910</u>
Shareholder's Equity			
Capital		22,213,561	22,213,561
Retained Earnings		71,502,797	80,016,818
Special Project Reserves	13	<u>1,132,555</u>	<u>631,566</u>
		<u>94,848,913</u>	<u>102,861,945</u>
Total Liabilities and Equity		<u>96,742,267</u>	<u>104,524,855</u>

For and on behalf of the Trustees



 Trustee
 15 October 2020



 Trustee
 15 October 2020

The accompanying notes form part of these financial statements

Taranaki Electricity Trust
Statement of Cash Flows
For the Year Ended 30 June 2020

	Note	2020	2019
		\$	\$
Cash Flows from Operating Activities			
Cash provided from:			
Interest Income Received		3,791,543	4,295,219
Grants Refunded		2,448	2,500
Advances		<u>218,480</u>	<u>221,968</u>
		<u>4,012,471</u>	<u>4,519,687</u>
Cash was applied to:			
Grants		2,494,911	2,405,951
Payments to Suppliers and Trustees		704,544	642,589
Advances		<u>270</u>	<u>1,840,645</u>
		<u>3,199,725</u>	<u>4,889,185</u>
Net Cash Flow from Operating Activities		<u>812,746</u>	<u>(369,498)</u>
Cash Flows from Investing Activities			
Cash provided from:			
Sale of Investments		<u>2,545,006</u>	<u>986,138</u>
		2,545,006	986,138
Cash was applied to:			
Investments Purchased		3,618,443	577,317
Property, Plant & Equipment		<u>6,831</u>	<u>52,884</u>
		<u>3,625,274</u>	<u>630,201</u>
Net Cash Flow from Investing Activities		<u>(1,080,268)</u>	<u>355,937</u>
Net Increase/(Decrease) in			
Cash & Cash Equivalents		(267,522)	(13,561)
Add Cash & Cash Equivalents			
at beginning of the Year		<u>449,801</u>	<u>463,362</u>
Cash & Cash Equivalents at Year End	5	<u>182,279</u>	<u>449,801</u>

The accompanying notes form part of these financial statements

Taranaki Electricity Trust
Notes to the Financial Statements
For the year ended 30 June 2020

1. Statement of Accounting Policies

Reporting Entity

These financial statements comprise the financial statements of Taranaki Electricity Trust (the “Trust”) for the year ended 30 June 2020.

Basis of Preparation

Statement of Compliance

The financial statements have been prepared in accordance with Tier 2 Public Benefit Entity (PBE) Financial Reporting Standards issued by the External Reporting Board (XRB). They comply with New Zealand equivalents to International Public Sector Accounting Standards Reduced Disclosure Regime (NZ IPSAS with RDR) and other applicable financial reporting standards as appropriate to Public Benefit Entities.

The Trustees have elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards on the basis that it does not have public accountability and annual expenditure exceeds \$2 million but does not exceed \$30 million.

The Trust is deemed a public benefit entity for financial reporting purposes, as its primary objective is to provide services to the community for social benefit and the Trust has been established with a view to supporting that primary objective rather than for a financial return.

The Performance Report was approved for issue by the Trustees on 2 October 2020.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the Trust, with the exception of certain assets as specified below which have been revalued.

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand.

Standards Applied For The First Time

There are no standards being applied for the first time.

Presentation Currency and Rounding

The financial statements are presented in New Zealand dollars and are rounded to the nearest whole dollar.

Taranaki Electricity Trust
Notes to the Financial Statements
For the year ended 30 June 2020

1. Statement of Accounting Policies (continued)

Specific Accounting Policies

The following is a summary of the significant accounting policies adopted by the Trust in the preparation of these financial statements.

a) Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Trust and that the revenue can be reliably measured. Revenue is measured at the fair value of consideration received. The principal sources of revenue are dividends and interest from investments. The following specific recognition criteria must be met before revenue is recognised:

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest method.

Dividend revenue

Dividend income is recognised on the date that the Trust's right to receive payments is established.

b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call and other short term highly liquid investments which are subject to insignificant risks of changes in value.

c) Provision for Grants

Grants payable by the Trust to third parties are recognised as a liability when the grant application is approved by the Trustees. A provision is recognised for grants approved but not yet paid, on the basis that there is a present constructive obligation as a result of a past event; it is probable that expenditures will be required to settle the obligation; and a reliable estimate of the potential settlement can be made. Movements in the provision are shown in Note 11.

Where a grant application is approved on the basis that it will be paid over multiple years, only the portion of the grant relating to the current year is recognised in the provision. The portion of the grant relating to future years must be reapproved by the Trustees in the year of payment before a liability is recognised. Any approved grants relating to future years have been disclosed in Note 15 Commitments.

Taranaki Electricity Trust
Notes to the Financial Statements
For the year ended 30 June 2020

1. Statement of Accounting Policies (continued)

d) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

Financial instruments are comprised of trade debtors and other receivables, cash and cash equivalents, other financial assets, trade creditors and other payables, and other financial liabilities.

Initial recognition and measurement

Financial assets and financial liabilities are recognised initially at fair value plus transaction costs attributable to the acquisition, except for those carried at fair value through surplus or deficit, which are measured at fair value.

Financial assets and financial liabilities are recognised when the reporting entity becomes a party to the contractual provisions of the financial instrument.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the Trust transfers the financial asset to another party without retaining control or substantial all risks and rewards of the asset.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

All financial assets except for those classified as fair value through deficit or surplus are subject to review for impairment at least at each reporting date. Different criteria to determine impairment are applied to each category of financial assets, which are described below.

Taranaki Electricity Trust
Notes to the Financial Statements
For the year ended 30 June 2020

1. Statement of Accounting Policies (continued)

d) Financial Instruments (continued)

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Trust's cash and cash equivalents, trade debtors and other receivables fall into this category of financial instruments.

After initial recognition, such financial assets are subsequently measured at cost less provision for impairment.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

(ii) Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through surplus or deficit upon initial recognition. The Trust designates its investments at fair value through profit or loss at inception.

Assets in this category are measured at fair value with gains or losses recognised in the surplus or deficit for the year. The fair values of financial instruments in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Subsequent measurement of financial liabilities

Trade and other payables are subsequently measured at amortised cost using the effective interest method.

e) Goods and Services Tax

Taranaki Electricity Trust is not registered for Goods and Service Tax, so the results are disclosed inclusive of Goods and Service Tax.

Taranaki Electricity Trust
Notes to the Financial Statements
For the year ended 30 June 2020

1. Statement of Accounting Policies (continued)

f) Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Depreciation is provided for on a diminishing value basis at depreciation rates calculated to allocate the assets' cost or valuation less estimated residual value, over their estimated useful lives, as follows:

Land and buildings	0%-6%DV
Office equipment	16%-50% DV

The asset's residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate at each balance date.

Assets are reviewed for indications of impairment at least annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Any impairment loss or write-down is recognised as an expense.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

g) Taxation

The Trust is exempt from income tax under section CW42 of the Income Tax Act 2007.

h) Capital

The Trust's capital consists of equity, special project reserve and retained earnings. The Trust manages its capital by effectively managing income and expenses, assets and liabilities to ensure it achieves its objectives and purpose. The objective of managing the Trust's equity is to ensure the Trust effectively achieves its objectives and purpose, whilst remaining a going concern.

Taranaki Electricity Trust
Notes to the Financial Statements
For the year ended 30 June 2020

1. Statement of Accounting Policies (continued)

i) Critical Accounting Estimates, Assumptions and Judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the relevant accounting policy or in the relevant note.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Management are required to assess the recoverability of advances to determine the appropriate classification for these balances. Management considers that all advances presented as assets in the financial statements are recoverable by the Trust.

Current liabilities exceed current assets. This is due to the treatment of the cash component of the Investment Portfolio being treated as a Non-Current Asset. The cash component can be drawn upon to settle any liabilities when they fall due if the need arises.

Taranaki Electricity Trust
Notes to the Financial Statements
For the year ended 30 June 2020

	2020	2019
	\$	\$
2. Interest & Dividends		
Interest:		
TSB Bank	1,070	2,745
Stratford Vineyard Christian Trust	14,891	22,074
Inglewood Community Childcare Inc	4,550	4,931
Age Care Central Limited	133,020	35,033
Interest & Dividends:		
Investment Portfolio	<u>3,634,237</u>	<u>4,235,574</u>
	<u>3,787,767</u>	<u>4,300,357</u>
3. Operating Expenses		
Administration Expenses	92,561	92,561
Advertising & Sponsorship	2,086	4,678
Election Expenses	49,299	-
Investment Management Fees	392,794	357,683
Other Expenses	<u>32,599</u>	<u>21,771</u>
	<u>569,339</u>	<u>476,693</u>

Taranaki Electricity Trust
Notes to the Financial Statements
For the year ended 30 June 2020

4. Grants Approved 1 July 2019 - 30 June 2020

Organisation	\$	Organisation	\$
Alexandra Paish	\$2,000	Inglewood United Church	\$3,000
Amy Shaw	\$2,000	Inglewood United Rugby Football Club	\$17,000
Angelina Cullen	\$2,000	Isabella Keenan	\$100
Ashleigh Stanners	\$2,000	Jack Bishop	\$2,000
Avon Kindergarten	\$45,000	Jackson Cox	\$2,000
Ben Lilly	\$2,000	Jackson Hiestand	\$2,000
Ben van den Beuken	\$2,000	Jemimah Wilson	\$2,000
Bodhi White	\$2,000	Josie Short	\$2,000
Brianna See	\$2,000	Kaimata-Waitui Districts Hall	\$5,073
Cassie Stove	\$2,000	Koru Kindergarten	\$500
Central Taranaki Safe Community Trust	\$50,614	Lani Pitcher	\$2,000
Clifton Rowing Club Inc	\$22,500	Liam Matthews	\$2,000
Clifton Rugby & Sports Club	\$74,000	Liana Mischewski	\$2,000
Courtney Bond	\$2,000	Libby Keenan	\$100
Danny Ouk	\$2,000	Livia Phillips	\$2,000
East Taranaki Environmental Trust	\$33,000	Maiah Crawford	\$2,000
Egmont Rod & Custom Club Inc	\$42,166	Makahu Hall Society	\$10,000
Ella McDonald	\$2,000	Maleta Teasia	\$2,000
Eltham & District Historical Soc	\$18,880	Manukorihi Intermediate	\$2,000
Eltham Association Football Club	\$4,108	Maria Kowalewski	\$2,000
Eltham Business & Professional Assn	\$17,000	Michael McCarty	\$2,000
Eltham Kindergarten	\$500	Midhirst School	\$3,200
Emma Mahony	\$2,000	Midhirst Scout Group	\$1,500
Finn Whalen	\$1,500	Mikayla Lehmann	\$2,000
Flynn Kempson	\$500	Mountain Miniature Horse Society	\$500
Gemma Crawford	\$2,000	Mr Steven Collingwood	\$2,000
Greer Dickson	\$2,000	Ms Alyssa McCarty	\$2,000
Gymnastics Waitara	\$20,900	Ms Lauree Collins	\$2,000
Hannah Cooper	\$2,000	Myah McQuay	\$2,000
Inglewood Cricket Club	\$5,002	Nash Jones	\$11,931
Inglewood Development Trust	\$69,400	Nathan Bell	\$2,000
Inglewood Dramatic Society	\$14,230	Nathan Sewell	\$2,000
Inglewood First Trust	\$50,000	Norfolk Primary School	\$6,000
Inglewood Fitness Club	\$60,000	North Taranaki Community House Trust	\$11,440
Inglewood High School	\$30,000	NZ Military Vehicle Club - Taranaki Branch	\$750
Inglewood Kindergarten	\$20,000	Okaiawa Preschool at Matapu	\$10,000
Inglewood Lions Club	\$10,000	Olivia Michel	\$2,000
Inglewood Primary School	\$5,190	Orapa Kindergarten (Waitara West)	\$8,000
Inglewood Rugby League Junior Club	\$7,500	Percy Thomson Trust	\$5,000
Inglewood Soccer Club (AFC)	\$14,000	Pregnancy Help Inc	\$12,000
Inglewood Swimming Club	\$8,095	Pukearuhe Hall Soc Inc	\$5,000

Taranaki Electricity Trust
Notes to the Financial Statements
For the year ended 30 June 2020

4. Grants Approved 1 July 2019 - 30 June 2020 (continued)

Reign Weston	\$2,000	Swimming Taranaki Inc	\$7,620
Rhiannon Higgs	\$2,000	Taranaki Area Floral Art Designer	\$3,379
Rotokare Scenic Reserve Trust	\$54,000	Taranaki Central Family & Local History Soc Inc	\$1,754
Ruby Marquand	\$2,000	Taranaki Community Stadium Trust	\$218,715
Ruth Heine	\$2,000	Taranaki Garden Trust	\$10,000
Rylee Meredith	\$2,000	Taranaki Garden Trust	\$10,000
Sam Williams	\$2,000	Taranaki Hospice Inc	\$6,000
Samara Agent	\$500	Taranaki Masters Games	\$57,000
Sarah Weir	\$2,000	Taranaki Pioneer Village Soc.	\$60,000
South Taranaki District Council	\$3,209	Taranaki Rescue Helicopter Trust	\$50,000
St Andrews Church Inglewood	\$1,300	Taranaki Synthetic Turf Trust	\$52,000
St John - Stratford	\$300,000	Taylor Russell	\$2,000
St Josephs School Stratford	\$7,281	Te Atiawa Kaumatua Housing Trust	\$40,000
Stratford A & P Assn	\$90,000	Te Kura Ngaruahine Rangi	\$27,584
Stratford Amateur Swimming Club	\$20,000	Te Popo Social Club Inc	\$30,956
Stratford Baptist Church	\$4,000	Te Roopu Pukaaka Inc	\$5,000
Stratford Basketball Assoc	\$20,000	Te Runanga o Ngati Maru Trust	\$11,984
Stratford Business Association	\$99,000	Te Wera Outdoor Recreational Trust	\$55,000
Stratford Camera Club	\$6,300	TET Community Assistance Project	\$10,785
Stratford Central Kindergarten	\$6,000	Tutaki Youth Inc Trust	\$200,000
Stratford Community Childcare Centre	\$16,000	Tyson's Waitara Netball Club	\$207
Stratford Community Dinner	\$1,000	Urenui Boating Club Inc	\$14,000
Stratford Community House Trust	\$46,187	Waitara Alive	\$10,000
Stratford Companion Animal Assistance Trust	\$1,500	Waitara Alive	\$99,993
Stratford Cricket Club	\$14,500	Waitara Central Kindergarten	\$10,000
Stratford District Citizens & Services Club	\$25,000	Waitara District Veteran Golfers So	\$600
Stratford District Council	\$101,000	Waitara Foodbank	\$8,000
Stratford District Theatre Trust	\$70,000	Waitara Golf Club Inc	\$9,000
Stratford Fishing Section	\$2,660	Waitara Lawn Tennis Club Inc	\$35,000
Stratford Golf Club	\$30,000	Waitara Railway Preservation Soc In	\$20,000
Stratford Mountain Singers	\$6,000	Waitara Squash Club	\$4,600
Stratford On Stage	\$8,069	Waitara Surfcasting & Angling	\$4,000
Stratford Primary School	\$6,358	Waitoriki Primary School	\$17,308
Stratford Senior Golf	\$500	Whangamomona Domain Board	\$9,500
Stratford Trotting Club	\$1,500	William Van Koppen	\$500
Stratford-Avon Bowling Club	\$4,400		\$2,873,928

Taranaki Electricity Trust
Notes to the Financial Statements
For the year ended 30 June 2020

4. Grants Approved 1 July 2019 - 30 June 2020 (continued)

Less Prior Year's adjustments

Benjamin Rohloff	\$2,000	Miss Bailee Drummond	\$2,000
Briar Groves	\$2,000	New Plymouth District Council	\$83,000
Chalyss Hoeta-Bryant	\$102	Nicolette Bailey	\$1,562
Curtis Bancroft-Rauwhero	\$2,000	Samara Agent	\$500
Eltham Kindergarten	\$13	Stratford Aero Club Inc	\$29,560
Gabrielle Scherrer	\$448	Stratford Amateur Swimming Club	\$7,217
Gabrielle Scherrer	\$1,552	Stratford Baptist Church	\$88
Hannah Wilson	\$2,000	Stratford Central Kindergarten	\$2
Inglewood Volunteer Fire Brigade	\$404	Stratford District Theatre Trust	\$11,568
James Cram	\$300	Stratford Positive Ageing Committee	\$514
Jemimah Wilson	\$2,000	Stratford Senior Golf	\$500
Joshua McLeod	\$234	Stratford Trotting Club	\$957
Kaimata School	\$2,773	Stratford-Avon Bowling Club	\$182
Kaponga Playcentre	\$2,070	Swimming Taranaki Inc	\$902
Koru Kindergarten	\$500	Tamera Matene	\$2,000
Kristy Smith	\$2,000	Te Kura Ngaruahine Rangi	\$164
Kym Ngatai-Simpson	\$2,000	Te Roopu Pukaaka Inc	\$5,000
Lilyrose Richardson	\$557	Tiana Atkinson-Kingi	\$100
Makahu Hall Society	\$2	Waitara Alive	\$1,579
Matau Hall Society	\$1,033	Waitara Squash Club	\$36
Mereaina Ahu	\$2,000	William Van Koppen	\$500
Midhirst Scout Group	\$1,000		
			\$174,919

Total Grants

2,699,011

Notes to the Financial Statements
For the year ended 30 June 2020

	2020	2019
	\$	\$
5. Cash & Cash Equivalents		
TSB Cheque Account	132,228	83,359
TSB Call Accounts	<u>50,051</u>	<u>366,442</u>
	<u>182,279</u>	<u>449,801</u>

6. Receivables from Exchange Transactions

Interest	<u>3,364</u>	<u>12,132</u>
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7. Investments

Investment Portfolio	<u>87,039,410</u>	<u>94,327,491</u>
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The Investment Portfolio is made up of the following investments:

NZ Shares	21,798,858	24,555,196
Australian Shares	22,274,995	25,104,586
Overseas Shares	24,617,872	27,187,295
NZ Bonds	5,826,997	6,009,078
Overseas Bonds	5,071,805	5,058,119
Cash	5,047,908	4,858,668
Private Equity	<u>2,400,974</u>	<u>1,554,549</u>
	<u>87,039,410</u>	<u>94,327,491</u>

The Trust has received investment advice and a Statement of Investment Policies and Objectives is prepared and updated from time to time.

Investments held by the Trust are designated as fair value through profit or loss at inception. Fair value is determined with reference to market transactions for the investments held by the Trust.

Taranaki Electricity Trust
Notes to the Financial Statements
For the year ended 30 June 2020

	Note	2020	2019
		\$	\$
8. Advances			
Current assets			
<i>Loans and receivables</i>			
Advances to Applicants			
Stratford Vineyard Christian Trust		50,000	75,000
Age Care Central Limited		<u>256,500</u>	<u>134,378</u>
		306,500	209,378
Non-current assets			
<i>Loans and receivables</i>			
Advances to Applicants			
Inglewood Community Childcare Inc		419,929	439,929
Inglewood Welfare Society		2,000,000	1,999,730
Age Care Central Limited		5,953,822	6,199,424
Stratford Vineyard Christian Trust		<u>500,000</u>	<u>550,000</u>
		8,873,751	9,189,083
		<u>9,180,251</u>	<u>9,398,461</u>
9. Property, Plant & Equipment			
		2020	2019
		\$	\$
Land & Buildings			
Balance at beginning of year		317,466	304,976
Additions		5,641	12,490
Depreciation		<u>202</u>	<u>-</u>
		<u>322,903</u>	<u>317,466</u>
Plant and Equipment			
Balance at beginning of year		19,505	14,234
Additions		-	13,094
Depreciation		<u>5,446</u>	<u>7,823</u>
		<u>14,059</u>	<u>19,505</u>
Cost		351,336	354,037
Accumulated Depreciation		<u>14,371</u>	<u>17,066</u>
		<u>336,963</u>	<u>336,971</u>
10. Payables under Exchange Transactions			
Trade Payables		59,439	37,191
Audit Fee Accrual		<u>6,700</u>	<u>6,500</u>
		<u>66,139</u>	<u>43,691</u>

Taranaki Electricity Trust
Notes to the Financial Statements
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	2020	2019
	\$	\$
11. Provision for Grants		
Balance at 1 July	1,619,219	1,511,750
Grants Provided	2,873,928	2,568,431
Grants Paid	(2,493,461)	(2,405,951)
Grants Refunded	2,448	2,500
Prior Year Grants Adjusted	(174,919)	(57,511)
Balance at 30 June	<u>1,827,215</u>	<u>1,619,219</u>

Uncertainties around the timing of the outflows required to settle the provision exist. Approved grants are only paid upon receipt of a grant claim form by the Trust. The expected timing of outflows varies; this is influenced by the purpose for which the grant was provided, and the timing of the recipient meeting their obligations to the Trust.

12. Capital

The Trust's capital consists of the initial gift of shares from Taranaki Energy Limited and a share of the final distribution of funds from the Taranaki Energy Merger Trust.

13. Reserves

During the 2019, the Trustees resolve that any grant money budgeted for but not awarded during the year would be placed into a new Special Project Reserve for utilisation by larger projects.

	2020	2019
	\$	\$
Special Project Reserve		
Opening balance	631,566	-
Add Transfer to Fund	500,989	631,566
Less Utilised	-	-
Closing balance	<u>1,132,555</u>	<u>631,566</u>

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Notes to the Financial Statements
For the year ended 30 June 2020

14. Financial Instruments

Set out below is a comparison by category of carrying amounts and fair values of all the Trust's financial instruments that are carried in the financial statements at other than fair values.

	Carrying amount		Fair value	
	2020	2019	2020	2019
Loans and receivables	\$	\$	\$	\$
Cash and cash equivalents	182,279	449,801	182,279	449,801
Receivables from Exchange Transactions	3,364	12,132	3,364	12,132
Advances	9,180,251	9,398,461	9,180,251	9,398,461
Total loans and receivables	9,365,894	9,860,394	9,365,894	9,860,394

Financial liabilities measured at amortised cost

Payables under Exchange Transactions	59,439	37,191	59,439	37,191
Total financial liabilities measured at amortised cost	59,439	37,191	59,439	37,191

15. Commitments

At balance date, there was a commitment for future portions of the Investment Portfolio to include a further \$808,162 investment with Pioneer Capital and a further \$1,488,133 investment with Direct Capital (2019: There was a commitment for a portion of the Investment Portfolio to include a further \$1,289,023 investment with Pioneer Capital).

16. Contingent Liabilities

The Trust had no contingent liabilities at 30 June 2020 (2019: nil).

17. Subsequent Events

In September 2020, North Taranaki Sport and Recreation paid \$233,975 to the Taranaki Electricity Trust relating to unspent grants from prior years. The Trust and management are not aware of any other matters or circumstances since the end of the reporting period that may significantly affect the operations of the Trust (2019: nil).

18. Related Parties

Trustees for the Taranaki Electricity Trust are involved with many different organisations in the Taranaki region which may approach the Trust for grant funding or advances. During the 2019/2020 year, the following relation party transactions occurred.

	Paid during the year	Owing at year end
Grants	62,710	20,904
	Repayments received	Owed at year end
Advances	256,000	6,210,322

Additionally, the Trust's Secretary/Finance Manager, Grant Hassall, is a Director at Duncan Dovico Chartered Accountants. The Trust received administration services from Duncan Dovico for \$92,561 during the year (2019: \$92,561).

INDEPENDENT AUDITOR'S REPORT

To the Trustees of Taranaki Electricity Trust

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Taranaki Electricity Trust ('the Trust') on pages 3 to 21, which comprise the statement of financial position as at 30 June 2020, and the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ('PBE Standards RDR').

Our report is made solely to the Trustees of the Trust. Our audit work has been undertaken so that we might state to the Trustees of the Trust those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees of the Trust as a body, for our audit work, for our report or for the opinions we have formed.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with Professional and Ethical Standard 1 (Revised) *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Taranaki Electricity Trust.

Responsibilities of the Trustees for the Financial Statements

The Trustees are responsible on behalf of the Trust for the preparation and fair presentation of the financial statements in accordance with PBE Standards RDR, and for such internal control as the Trustees determine

is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>

Baker Tilly Staples Rodway

BAKER TILLY STAPLES RODWAY AUDIT LIMITED

New Plymouth, New Zealand

15 October 2020