



CHRISTCHURCH AGENCY FOR ENERGY TRUST

ANNUAL ACCOUNTS

FOR

PERIOD ENDED 30 JUNE 2011

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DIRECTORY

Address	C/o Helmore Ayers 90 Armagh Street Christchurch
Trustees	R Parker L Itskovich A Matheson R Sutton (resigned 19 May 2011) W Highet J Atkinson W Friedel (resigned 8 April 2011) S Buck R Jamieson (appointed 19 May 2011)
Bankers	Bank of New Zealand Christchurch
Auditors	Audit New Zealand on behalf of the Office of the Auditor General

**Statement of Comprehensive Income
for the period ended 30 June 2011**

	Note	2011 \$
Revenue from operations	2(a)	1,043,125
Other income	2(a)	<u>8,765</u>
		<u>1,051,890</u>
Finance costs		-
Depreciation and Impairment		-
Other expenses	2(b)	<u>147,245</u>
		<u>147,245</u>
Net Surplus/(Deficit) for period		<u><u>904,645</u></u>
Other Comprehensive Income		-
Total Comprehensive Income		<u><u>904,645</u></u>

The accompanying notes form part of these financial statements.

**Statement of Changes in Equity
for the period ended 30 June 2011**

	Retained earnings \$	Total equity \$
Balance as at 13 July 2010	-	-
Total comprehensive income for the period	904,645	904,645
Balance as at 30 June 2011	<u>904,645</u>	<u>904,645</u>

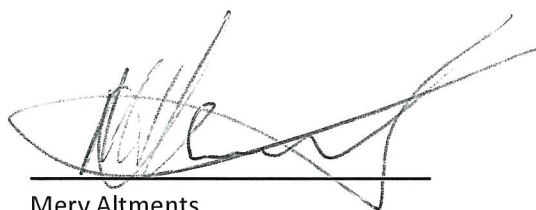
The accompanying notes form part of these financial statements.

**Statement of Financial Position
as at 30 June 2011**

	Note	2011 \$
Current assets		
Cash and cash equivalents		888,999
Trade and other receivables	4	73,458
Current tax assets		-
		<u>962,457</u>
Total current assets		<u>962,457</u>
Total assets		
		962,457
Current liabilities		
Trade and other payables	5	57,812
Total current liabilities		<u>57,812</u>
Non-current liabilities		
Borrowings		-
Total non-current liabilities		<u>-</u>
Total liabilities		
		57,812
Net assets		
		<u>904,645</u>
Equity		
Capital and other equity instruments		-
Retained earnings	6	904,645
Total equity		<u>904,645</u>



Leonid Itskovich
Trustee



Merv Altmants
Acting Chief Executive Officer

07/02/12

Date

07/02/12

Date

The accompanying notes form part of these financial statements.

**Statement of Objectives and Performance
for the period ended 30 June 2011**

Financial Performance Targets

	2011 Actual \$	2011 Target \$
Revenue	1,051,890	957,500
Committed expenditure	147,245	850,050
Discretionary Expenditure	-	107,450
Surplus (Deficit)	<u>904,645</u>	<u>-</u>

Expenditure is significantly lower than planned due to delays in programme delivery resulting from the September 2010 and February 2011 Canterbury earthquakes.

Key Performance Targets

Target:	2011 Actual	2011 Performance Measure
Work Programme	Developed and signed off by CAFE Board of Trustees	Three year work programme developed
Programme Management Office	Processes in place to manage all projects	Programme Management Office in place with clear organisational capability to deliver the work programme
Community and business engagement strategy	Strategy developed	Community and business engagement strategy developed
Agreement with EECA	Regular ongoing meetings with EECA to identify and manage projects of common interest occurring	Agreement reached with EECA regarding role of CAFE in "localising" national initiatives
Submissions or suggested changes to legislation and/or regulations	Submissions made on Draft New Zealand Energy Strategy and the Draft New Zealand Energy Efficiency and Conservation Strategy	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
Report on new initiatives	Two major new initiatives identified - development of a feasibility study for a District Energy System and development of a Design Advisory Service for new buildings and major retrofits and rebuilds	Report on new initiatives identified during the year for current or future action by CAFE

The accompanying notes form part of these financial statements.

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 (CAFE), a Charitable Trust created by the Christchurch City 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 2011. The financial statements were approved for issue by the Board of Trustees on 07 February 2012.

b. Basis of financial statement preparation

The financial statements of the Christchurch Agency For Energy 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/Levies

Grants/levies received from the Christchurch City Council and other appointor 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 grants are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grant received in advance, and recognised as revenue when conditions of the grant are satisfied.

Other Revenue

Revenue is measured at the fair value of consideration received. Interest income is recognised using the effective interest method.

d. Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred unless they meet the conditions for capitalised interest.

e. Income tax

The Inland Revenue Department (IRD) has confirmed that the Trust has charitable status for tax purposes and is therefore not liable for income tax.

f. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments with maturities of three months or less.

g. Trade and other receivables

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

h. Trade and other payables

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

i. Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

j. Goods and Services Tax

The financial statements are prepared exclusive of GST with the exception of receivables and payables that are shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the 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.

k. 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.

l. Critical accounting estimates and assumptions

In preparing these financial statements the Trust has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

2. Profit from operations

a. Revenue

	2011 \$
Revenue from operations	
Appointer Contributions	425,000
CCC - Project Funding	618,125
	1,043,125
Other Income	
Interest received	8,765
	8,765
Total revenue	1,051,890

b. Expenses

	Note	2011 \$
Other Expenses:		
Trustee Costs		261
Staff & Contractor Costs		74,570
Communications & Relations		4,050
Financial & Legal Costs		2,540
Office Administration		6,951
Marketing		34,073
Project costs		22,300
Auditors remuneration	3	<u>2,500</u>
		<u>147,245</u>
Total expenses		<u><u>147,245</u></u>

3. Remuneration of Auditors

	2011 \$
Audit New Zealand:	
Audit of financial statements	<u>2,500</u>
	<u><u>2,500</u></u>

4. Current trade and other receivables

	2011 \$
Debtors and Accruals	60,000
GST receivable	13,458
Interest Receivable	-
	<u>73,458</u>

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

5. Current trade and other payables

	2011 \$
Trade payables	57,812
GST payable	-
Related Party Payables	-
	<u>57,812</u>

6. Retained Earnings

	2011 \$
Balance at beginning of financial year	-
Surplus/(deficit)	904,645
Balance at end of financial year	<u>904,645</u>

7. Financial Instruments

Financial instruments are cash and cash equivalents.

Risk

The Trust has policies to manage the risks associated with financial instruments. The Trust is risk averse and seeks to minimise exposure from its 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 Christchurch City 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 a AA credit rating with Standard and Poor's (Australia) Pty limited.

8. Post balance date events

There were no events known to the Trustees occurring subsequent to balance date that would have a significant impact on the financial statements for the year ended 30 June 2011.

9. Contingencies

The Christchurch Agency For Energy Trust has no contingent assets or liabilities as at 30 June 2011.

10. Related Party Transactions

	2011 \$
Revenue from related parties	
Project & administration funding from CCC	793,125
Project funding from Solid Energy NZ Ltd	10,000
Project funding from Orion NZ Ltd	100,000
Project funding from Meridian Energy Ltd	100,000
Project funding from Canterbury Regional Council	40,000
	<u>1,043,125</u>
Payments to related parties	
Purchases from CCC	261
	261
Year end balances (excl GST)	
Funding due from CCC	60,000

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

11. Breach of statutory deadline

Under section 67 of the Local Government Act 2002, the Trust is required to adopt its annual report incorporating its audited financial statements by 30 September. The Trust did not meet this requirement for 2011.

Auditor's Report

Independent Auditor's Report**To the readers of
Christchurch Agency for Energy Trust's
financial statements and statement of objectives and performance
for the period ended 30 June 2011**

The Auditor-General is the auditor of the Christchurch Agency for Energy (the Trust). The Auditor-General has appointed me Scott Tobin, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of objectives and performance of the Trust on her behalf.

We have audited:

- the financial statements of the Trust on pages 4 to 13, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income and statement of changes in equity for the period ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of objectives and performance of the Trust on page 7.

Opinion

In our opinion:

- the financial statements of the Trust on pages 4 to 13:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Trust's:
 - financial position as at 30 June 2011; and
 - financial performance for the period ended on that date; and
- the statement of objectives and performance of the Trust on page 7:
 - 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 period ended 30 June 2011.

Our audit was completed on 7 February 2012. 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 statement of objectives and performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and 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 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 statement of objectives and performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Trust's preparation of the financial statements and 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 statement of objectives and performance; and
- the overall presentation of the financial statements and statement of objectives and performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and 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 it determines 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' responsibilities arise from the Local Government Act 2002.

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 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the Trust.

A handwritten signature in black ink, appearing to read 'S M Tobin', with a long horizontal line extending from the end of the signature.

S M Tobin
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

