

**Queenstown Lakes Community Housing Trust
Consolidated Annual Reports
For The Year Ended
31 March 2021**

Queenstown Lakes Community Housing Trust
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For The Year Ended 31 March 2021

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For The Year Ended 31 March 2021

Settlor	Graham Morris Todd
Date Settled	15 January 2007
Date of Incorporation	12 July 2007
Trustees	A Blair J M Conroy G H A Hollyer R J Key J E Macdonald P A J Smith
Accountants	McCulloch + Partners Chartered Accountants P O Box 64 Queenstown 9348
Solicitors	RVG Law P O Box 1513 Queenstown 9348
Auditors	Deloitte Limited P O Box 1245 Dunedin 9054
IRD Number	097-121-805

Queenstown Lakes Community Housing Trust
Statement of Comprehensive Income and Expense
For The Year Ended 31 March 2021

	Note	Group	
		This Year \$	Last Year \$
Revenue From Exchange Transactions			
Property Sales		743,478	1,320,000
Lease Rentals		966,141	944,837
Property Management Fees Received		33,210	34,085
Realised & Unrealised Gains/(Losses) on Investments		31,719	(10,722)
Capital Gain on Disposal of Property, Plant and Equipment		1,022,229	888,620
Total Revenue From Exchange Transactions		2,796,777	3,176,820
Revenue From Non-Exchange Transactions			
Grants Received		50,000	50,000
Stakeholders Contributions Received		6,726,862	769,258
Total Revenue From Non-Exchange Transactions	4	6,776,862	819,258
Other Income			
Interest & Dividends Received		116,400	127,740
Total Other Income		116,400	127,740
Total Income		9,690,039	4,123,818
Less Expenses			
Administration Expenses		87,706	89,444
Cost of Goods Sold		453,141	996,101
Operating Expenses		262,809	262,440
Other Expenses			
Audit Fees	5	16,000	17,000
Depreciation	6	339,135	370,687
Interest		233,847	215,906
Trustee Fees		99,330	99,330
Wages		205,901	185,125
Total Other Expenses		894,213	888,048
Total Expenses		1,697,869	2,236,033
Surplus for the Year and Total Comprehensive		7,992,170	1,887,785

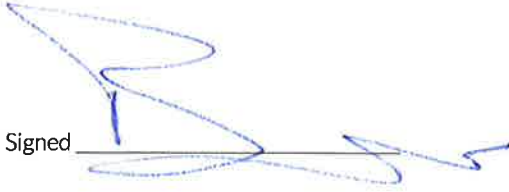
Queenstown Lakes Community Housing Trust
Statement of Changes in Equity
For The Year Ended 31 March 2021

	Group	
	This Year \$	Last Year \$
Equity As At Start Of Year	24,235,065	22,347,280
Comprehensive Revenue and Expense	7,992,170	1,887,785
Equity As At 31 March 2021	<u>32,227,236</u>	<u>24,235,065</u>

Queenstown Lakes Community Housing Trust
Statement of Financial Position
As At 31 March 2021

	Note	Group	
		This Year \$	Last Year \$
Equity			
Trustees' Accumulated Income Account		32,227,236	24,235,065
Total Equity		<u>32,227,236</u>	<u>24,235,065</u>
Represented by:			
Non Current Assets			
Property, Plant and Equipment	6	21,904,574	18,451,611
Total Non Current Assets		<u>21,904,574</u>	<u>18,451,611</u>
Current Assets			
ASB Bank Accounts		7,015,360	4,675,236
SBS Bank Accounts		579,554	3,673,545
Craigs Investment Partners		552,017	305,461
Accounts Receivable		-	20,888
Accrued Interest		20,116	26,173
Deposit Paid	1	2,621,843	2,621,843
Development Work in Progress	7	7,636,324	100,714
Prepayments		17,379	13,467
Property Held for Sale	8	-	-
Tax Receivable		35,341	18,524
Total Current Assets		<u>18,477,934</u>	<u>11,455,851</u>
Total Assets		<u>40,382,508</u>	<u>29,907,462</u>
Less Liabilities			
Non Current Liabilities			
ASB Term Loans	9	1,393,663	1,431,745
Central Lakes Trust Advance	10	4,138,619	3,673,361
Housing New Zealand Corporation	9	300,534	320,134
Total Non Current Liabilities		<u>5,832,816</u>	<u>5,425,240</u>
Current Liabilities			
Current Portion ASB Term Loans	9	38,086	37,055
Current Portion Central Lakes Trust Advance	10	2,014,853	80,471
Current Portion Housing New Zealand Corporation	9	19,600	19,600
Accounts Payable		145,093	51,111
Accruals		70,944	49,314
GST Payable		27,193	3,694
PAYE Deductions Payable		6,686	5,912
Total Current Liabilities		<u>2,322,457</u>	<u>247,157</u>
Total Liabilities		<u>8,155,273</u>	<u>5,672,397</u>
Net Assets As Per Total Equity		<u>32,227,236</u>	<u>24,235,065</u>

Queenstown Lakes Community Housing Trust
Statement of Financial Position
As At 31 March 2021

Signed  _____

Trustee

Date 20/07/21

Signed  _____

Trustee

Date 20/07/21

Queenstown Lakes Community Housing Trust
Statement of Cash Flows
For The Year Ended 31 March 2021

	Note	This Year \$	Group Last Year \$
Cashflows from Operating Activities			
Cash Was Provided From			
Receipts from Customers		1,763,717	3,395,157
Grants Received		50,000	50,000
Interest Received		154,176	110,080
Inclusionary Zoning Contributions Received		6,726,862	769,258
Cash Was Dispersed To			
Payments to Suppliers and Employees		3,701,922	784,709
Trustees' Fees		99,330	99,330
Interest Paid		233,935	215,991
Net Cash Inflow/(Outflow) from Operating Activities	12	<u>4,659,568</u>	<u>3,224,465</u>
Cashflows from Investing Activities			
Cash Was Provided From			
Sale of Property, Plant and Equipment		2,474,212	1,672,449
Cash Was Dispersed To			
Payments for Capital Work in Progress and Purchase of Property, Plant and Equipment		9,984,079	10,388
Net Cash Inflow/(Outflow) from Investing Activities		<u>(7,509,867)</u>	<u>1,662,061</u>
Cashflows from Financing Activities			
Cash Was Provided From			
Proceeds from Borrowings		2,342,988	-
Cash Was Dispersed To			
Repayment of Borrowings		-	132,824
Net Cash Inflow/(Outflow) from Financing Activities		<u>2,342,988</u>	<u>(132,824)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		(507,311)	4,753,702
Cash and Cash Equivalents at the Beginning of the Year		<u>8,654,242</u>	<u>3,900,540</u>
Cash and Cash Equivalents at the End of the Year		<u><u>8,146,931</u></u>	<u><u>8,654,242</u></u>
Represented by:			
ASB Bank Accounts		7,015,360	4,675,236
SBS Bank Accounts		579,554	3,673,545
Craigs Investment Partners		552,017	305,461
		<u><u>8,146,931</u></u>	<u><u>8,654,242</u></u>

Queenstown Lakes Community Housing Trust

Notes to the Financial Statements

For The Year Ended 31 March 2021

Statement of Accounting Policies

Reporting Entity

Queenstown Lakes Community Housing Trust operated in accordance with its Trust Deed and is governed by the requirements of the Trustee Act 1956.

The Financial Statements of the entity have been prepared in accordance with generally accepted accounting practice in New Zealand for general purpose financial reports. They comply with Public Benefit Entity Standards Reduced Disclosure Regime, as appropriate for Tier 2 not-for-profit public benefit entities.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis are followed in the preparation of these accounts.

Specific Accounting Policies

The following specific accounting policies have a material effect on the measurement of results and financial position:

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

Revenue from non-exchange transactions:

Government grants and funding

Revenues from non-exchange transactions with the Government and government agencies is recognised when the Group obtains control of the transferred asset (cash, goods, services, or property), and:

- ▶ it is probable that the economic benefits or service potential related to the asset will flow to the Group and can be measured reliably; and
- ▶ the transfer is free from conditions that require the asset to be refunded or returned to the Government if the conditions are not fulfilled.

Revenue from government grants and funding is measured at the fair value of the assets (cash, goods, services, or property) transferred over to the Group at the time of transfer.

To the extent that there is a condition attached that would give rise to a liability to repay the grant amount or to return the granted asset, a deferred revenue liability is recognised instead of revenue. Revenue is then recognised only once the Group has satisfied these conditions.

Stakeholder contributions

Stakeholder contributions are recognised as revenue when the Trust renders the services for which the contribution was levied. Stakeholder contributions that are received before the Trust is able to provide the service for which they are levied are recognised as liabilities until the Trust provides the services.

Revenue from exchange transactions:

Interest revenue

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available-for-sale, interest income is recorded using the effective interest rate.

Effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Interest income is included in finance income in the statement of comprehensive revenue and expenses.

Rental revenue

Rental revenue arising from operating leases on properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of financial performance due to its operating nature.

Property Revenue

Revenue from the sale of Development Property is recognised when the significant risks and rewards of ownership have been transferred to the home owner and revenue can be reliably measured.

Disposal of Property Plant and Equipment

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

Depreciation

Depreciation has been charged on buildings at a rate of 3% DV per annum. No depreciation is charged on land.

Taxation

The Trust is exempt from paying tax under the Income Tax Act 2007.

Property Plant and Equipment

Buildings are stated at cost less accumulated depreciation, and land is stated at cost, less any impairment. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially recognised at fair value.

Work in Progress

Capital Work in Progress and Development Work in Progress are measured at cost, except items acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

Accounts Receivable and Mortgages Issued

Accounts receivable and mortgages issued are stated at amortised cost using the effective interest method, less impairment.

Goods and Services Tax

The accounts have been prepared on a GST exclusive basis with the exception of Accounts Payable and Accounts Receivable which are stated GST inclusive.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date. The substance of the arrangement depends on whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term.

Rent received from an operating lease is recognised as income on a straight-line basis over the lease term.

Employee benefits

Wages, salaries and annual leave

Liabilities for wages and salaries (including non-monetary benefits) and annual leave are recognised in surplus or deficit during the period in which the employee rendered the related services and are generally expected to be settled within 12 months of the reporting date. The liabilities for these short-term benefits are measured at the amounts expected to be paid when the liabilities are settled.

Borrowing costs

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Basis of consolidation

The Group financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being Queenstown Lakes Community Housing Trust (the parent entity) and its subsidiaries over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. Consistent accounting policies are employed in the preparation and presentation of the Group financial statements.

The Group financial statements include the information and results of each subsidiary from the date on which the Trust obtains control and until such time as the Trust ceases to control such entity.

In preparing the Groups financial statements, all intragroup balance and transactions, and unrealised profits arising within the Group are eliminated in full.

Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Changes in Accounting Policies

There have been no changes in Accounting Policies. All policies have been applied on a basis consistent with those used in the last year.

Notes

1 Capital Commitments

As at 31 March 2021 the Group was committed to the purchase of 50 units in the Remarkables Park Complex (Toru) at a cost of \$26,093,000. A deposit of \$2,621,843 was paid in April 2018. The balance is payable on completion in May 2021.

The Trust is currently building 6 houses in the Hikuwai subdivision in Wanaka. The total project is budgeted to cost \$2,474,279 excluding land; at 31 March 2021 \$2,411,123 had been spent. The project is due for completion in April 2021.

The Trust has commenced civil works for 13 houses at its Alps View development in the Lake Hayes Estate subdivision of Queenstown. The total project is budgeted to cost \$5,588,724 excluding land; at 31 March 2021 \$116,719 had been spent. The project is due for completion in April 2022.

2 Contingent Liabilities

As at 31 March 2021 the Trust has no contingent liabilities (2020: \$Nil).

3 Related Parties

2021 no disclosure is required (2020: \$nil).

4 Revenue From Non-Exchange Transactions

	Group	
	This Year \$	Last Year \$
Stakeholders Contributions Received	6,726,862	769,258
Grants Received - Cash Contributions	50,000	50,000
Total as at 31 March 2021	6,776,862	819,258

5 Fees Paid To Auditors

	Group	
	This Year \$	Last Year \$
Audit Services	16,000	17,000
Total as at 31 March 2021	16,000	17,000

6 Property, Plant and Equipment

2021	Group Cost	Purchases	Transfer from WIP	Sales or Disposals	Depn Charge	Accum Depn	Net Book Value
Land	6,652,242	5,244,079	-	792,010	-	-	11,104,311
Buildings	11,793,658	-	-	659,971	337,092	1,615,395	10,796,595
Plant & Equipment	5,711	-	-	-	2,043	10,416	3,668
Total as at 31 March	18,451,611	5,244,079	-	1,451,981	339,135	1,625,811	21,904,574

2020	Group Cost	Purchases	Transfer from WIP	Sales or Disposals	Depn Charge	Accum Depn	Net Book Value
Land	6,419,275	466,048	-	233,081	-	-	6,652,242
Buildings	14,017,706	-	-	550,751	367,102	1,673,297	11,793,658
Plant & Equipment	14,084	-	-	-	3,585	8,373	5,711
Total as at 31 March	20,451,065	466,048	-	783,832	370,687	1,681,670	18,451,611

7 Development Work in Progress

	Group	
	This Year \$	Last Year \$
Opening Balance	100,714	922,371
Plus Additions	7,535,610	108,646
Less Transfer to Cost of Goods Sold	-	(930,303)
Total as at 31 March 2021	7,636,324	100,714

8 Property Held For Sale

	Group	
	This Year \$	Last Year \$
Opening Balance	-	531,660
Plus 7 Stone Walls Lane	-	-
Less Transfer to Cost of Goods Sold	-	(531,660)
Total as at 31 March 2021	-	-

9 Borrowings

	Group	
	This Year \$	Last Year \$
Housing New Zealand Corporation		
Opening Balance	339,734	359,334
Less Repayments	(19,600)	(19,600)
Total as at 31 March 2021	320,134	339,734

	Group	
	This Year \$	Last Year \$
Housing New Zealand Corporation		
Current Portion	19,600	19,600
Non-Current Portion	300,534	320,134
Total as at 31 March 2021	320,134	339,734

The Housing NZ Loan was advanced from Housing New Zealand for the purposes of financing the Rent Saver Programme. This loan is interest free for 10 years from August 2012 and due for repayment August 2022.

HNZ Loan is secured through a general security agreement over the assets of the Trust and QLCHT Property Portfolio Limited and a second ranking mortgage over the properties included in the Rent Saver Programme.

	Group	
	This Year \$	Last Year \$
ASB Term Loans		
Opening Balance	1,468,800	1,504,703
Less Repayments	(37,051)	(35,903)
Total as at 31 March 2021	1,431,749	1,468,800

	Group	
	This Year \$	Last Year \$
ASB Term Loans		
Current Portion	38,086	37,055
Non-Current Portion	1,393,663	1,431,745
Total as at 31 March 2021	1,431,749	1,468,800

The ASB loans 910002 and 910003 have interest charged at a rate of 4.29%p.a. and are due to be repaid on 28 February 2046 and 30 June 2023 respectively. These loans are secured over the property at 11-21 Suffolk Street, Arrowtown.

10 Central Lakes Trust

	Group	
	This Year \$	Last Year \$
Opening Balance	3,753,832	3,831,153
Plus Drawdowns	3,306,000	-
Less Repayments	(906,360)	(77,321)
Total as at 31 March 2021	6,153,472	3,753,832

	Group	
	This Year \$	Last Year \$
Current Portion	2,014,853	80,471
Non-Current Portion	4,138,619	3,673,361
Total as at 31 March 2021	6,153,472	3,753,832

The \$3,673,362 loan is due to be repaid on 21 November 2021, interest is charged at a rate of 4.00%p.a. The loan is secured over 11 properties at Shotover Country.

The \$2,480,110 loan is due to be repaid by August 2022, interest is charged at a rate of 5.00%p.a. The loan is secured over 10 properties at Northlakes.

11 Subsidiaries

Name of Entity Subsidiary	Country of Incorporation		Balance Date	Ownership	Interest
QLCHT Shotover Country Limited	New Zealand	New Zealand	31 March	100%	100%
QLCHT Developments Limited	New Zealand	New Zealand	31 March	100%	100%
QLCHT Property Portfolio Limited	New Zealand	New Zealand	31 March	100%	100%
Queenstown Housing Bonds Limited	New Zealand	New Zealand	31 March	100%	100%

12 Reconciliation of Operating Cash Flows to Net Surplus

	Group	
	This Year \$	Last Year \$
Net Surplus/(Deficit) for the Year	7,992,171	1,887,784
<u>Add/(Deduct):</u>		
Depreciation	339,135	370,687
Depreciation Recovered	(1,022,230)	(635,407)
Interest Accrued	6,056	(26,173)
Loss/(Gain) on Disposal of Property, Plant and Equipment	-	(253,209)
Provisions Made	12,102	(2,591)
<u>Adjustments for Movements In:</u>		
(Increase)/Decrease in Accounts Receivable	20,888	1,115,468
Increase/(Decrease) in Accruals	100,666	(88,922)
(Increase)/Decrease in Development Work in Progress	(7,535,610)	821,657
Increase/(Decrease) in Payables	6,390	35,171
Net Cash (Outflow)/Inflow from Operating Activities	<u>(80,432)</u>	<u>3,224,465</u>

13 Operating Leases

	Group	
	This Year \$	Last Year \$
Operating Lease as Lessee		
Less than one year	15,000	15,000
Between one and five years	-	-
Total Non-Cancellable Operating Lease Payments	<u>15,000</u>	<u>15,000</u>

The Trust has entered into an operating lease for office premises, The previous 2 year lease expired on 31 March 2021, and is now on a 60 working days' notice basis.

Operating Lease as Lessor

The future non-cancellable minimum lease payments of operating leases as lessor at reporting date are \$1,166,090 (2020: \$2,018,079). Please that Tenancy end dates are no longer applicable with the new RTA laws where fixed tenancies automatically become periodic at the end of their fixed terms.

14 Secure Home Properties

During the year QLCHT sold \$Nil of property under Secured Homes arrangements. In previous years a total of \$2,150,000 of property was sold under Secure Homes arrangements. The Secured Homes arrangements allow the purchaser to acquire the building assets under a 100 year lease arrangement while QLCHT retains legal ownership of the land and title to the property. Subsequent to acquiring the building assets the purchaser pays rental income to QLCHT for the lease of the land. All other obligations related to the building assets are the responsibility of the purchaser for the duration of the lease. The Secured Homes arrangements contain provisions for the purchaser to require QLCHT to re-purchase the building assets at a price based on the original purchase price, adjusted for capital improvements, maintenance, and inflation. At 31 March 2021 QLCHT had received no notices to re-purchase any building assets under the Secured Homes arrangement.

15 Subsequent Events

The outbreak of COVID-19 and the subsequent quarantine measures and travel restriction imposed by the NZ government from March 2020 have caused disruption to business and economic activity. At the time of signing these financial statements, New Zealand has come out of restrictive quarantine measures imposed by the Level 3 & level 4 COVID 19 restrictions. Throughout the level 3 & 4 period in NZ the Trust continued to receive rental payments (and provided variations to rental arrangements where necessary). Upon reviewing the current situation and the cash reserves of the Trust, the Trustees are the opinion the Trust is well positioned to remain a going concern.

Independent Auditor's Report

To the Trustees of Queenstown Lakes Community Housing Trust

Opinion

We have audited the financial statements of Queenstown Lakes Community Housing Trust (the 'entity') and its subsidiaries (the 'Group'), which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 4 to 13, present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2021, and its consolidated financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ('PBE RDR Standards').

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs') and 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 Consolidated Financial Statements* section of our report.

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

We are independent of the Company in accordance with Professional and Ethical Standard 1 *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' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor, we have no relationship with or interests in the entity.

Other information

The Board of Trustees is responsible on behalf of the Group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information obtained prior to the date of our audit report, and consider whether it is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.

Board of Trustees' responsibilities for the consolidated financial statements

The Board of Trustees is responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with PBE RDR Standards, and for such internal control as the Board of Trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Trustees are responsible on behalf of the Group for assessing the Group'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 Board of Trustees either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 and 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 our responsibilities for the audit of the financial statements is located on at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7>

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Board of Trustees, as a body, in accordance with Section 207B of the Companies Act 1993. Our audit has been undertaken so that we might state to the Board of Trustees 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 Board of Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte Limited

Dunedin, New Zealand
20 July 2021