

**Queenstown Lakes Community Housing Trust
Consolidated Annual Report
For the Year Ended
31 March 2019**

QUEENSTOWN LAKES COMMUNITY HOUSING TRUST
CONSOLIDATED ANNUAL REPORT
For the Year Ended 31 MARCH 2019

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QUEENSTOWN LAKES COMMUNITY HOUSING TRUST
TRUST DIRECTORY
FOR THE YEAR ENDED 31 MARCH 2019

Settlor:	Graham Morris Todd
Date Settled:	15 January 2007
Date of Incorporation	12 July 2007
Trustees	A Blair (appointed 1 January 2019) P B Southwick G H A Hollyer J M Conroy R J Key J E Macdonald M Hawes (resigned 31 December 2018)
Accountants:	McCulloch + Partners Chartered Accountants P O Box 64 Queenstown 9348
Solicitors	RVG Law PO Box 1513 Queenstown 9348 Mitchell Mackersy Lawyers PO Box 2657 Wakatipu 9349
Bankers	ASB Bank, Queenstown SBS Bank, Queenstown
Auditors	Deloitte Limited PO Box 1245 Dunedin 9054
IRD Number	097-121-805

QUEENSTOWN LAKES COMMUNITY HOUSING TRUST
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
For the Year Ended 31 March 2019

	Notes	Group 2019 \$	Group 2018 \$
Revenue From Exchange Transactions			
Property Sales		1,400,000	2,154,652
Lease Rentals		789,450	702,052
Sundry Income		5,678	2,000
Property Management Fees Received		52,208	32,166
Capital Gain on Disposal of Property Plant and Equipment		1,605,690	698,878
Total Revenue From Exchange Transactions		3,853,026	3,589,748
Revenue From Non-Exchange Transactions			
Grants Received		50,000	50,000
Inclusionary Zoning Contributions Received	4	70,488	1,720,565
		120,488	1,770,565
Total Revenue From Non-Exchange Transactions			
Other Income			
Interest Received		104,335	118,649
Total Other Income		104,335	118,649
Total Income		4,077,849	5,478,962
Less Expenses			
Administration Expenses		114,516	101,490
Cost of Goods Sold		1,661,886	2,202,768
Operating Expenses		314,920	218,780
Other Expenses			
Audit Fees	5	9,500	9,060
Depreciation	6	388,724	410,818
Interest		230,337	247,742
Trustee Fees		102,877	99,428
Wages		177,228	152,860
Total Other Expenses		908,666	919,908
Total Expenses		2,999,988	3,442,946
Surplus for the Year and Total Comprehensive Revenue and Expense		1,077,861	2,036,016



QUEENSTOWN LAKES COMMUNITY HOUSING TRUST
STATEMENT OF MOVEMENTS IN EQUITY
For the Year Ended 31 March 2019

	Group 2019 \$	Group 2018 \$
Opening Balance	21,269,419	19,233,403
Plus Comprehensive Revenue and Expense	1,077,861	2,036,016
Balance at Year End	22,347,280	21,269,419



QUEENSTOWN LAKES COMMUNITY HOUSING TRUST
STATEMENT OF FINANCIAL POSITION
As at 31 March 2019

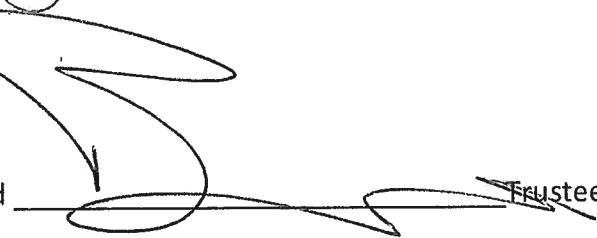
Notes

		Group 2019 \$	Group 2018 \$
Equity			
Trustees' Accumulated Income Account		22,347,280	21,269,419
Total Equity		22,347,280	21,269,419
Represented By:			
Non-Current Assets			
Property Plant and Equipment	6	19,140,082	19,013,263
Capital Work in Progress	9	-	2,210,969
Total Non-Current Assets		19,140,082	21,224,232
Current Assets			
ASB Bank Accounts		2,716,145	1,103,352
SBS Bank Accounts		1,184,395	3,613,537
Tax Receivable		15,982	7,301
Accounts Receivable		1,117,122	13,954
Accrued Interest		19,233	3,390
Current Mortgages Issued	7	-	1,390,143
GST		-	4,324
Prepayments		38,331	-
Deposit Paid	1	2,621,843	-
Property Held for Sale	10	531,660	-
Development Work In Progress	8	922,371	197,045
Total Current Assets		9,167,082	6,333,046
Total Assets		28,307,164	27,557,278
Less Liabilities			
Non-Current Liabilities			
Term Loans	11	1,469,271	1,504,699
Central Lakes Trust Advance	12	3,753,832	3,831,152
Housing NZ	11	339,733	359,334
Total Non-Current Liabilities		5,562,836	5,695,185
Current Liabilities			
Current Portion of Term Loans	11	35,432	34,466
Current Portion of Central Lakes Trust Advance	12	77,321	74,294
Current Portion of Housing New Zealand Corporation	11	19,600	19,600
Accounts Payable		101,030	432,942
Income Received In Advance		76,000	-
Accruals		39,526	26,966
GST Payable		40,155	-
PAYE Deductions Payable		7,984	4,406
Total Current Liabilities		397,048	592,674
Total Liabilities		5,959,884	6,287,859
Net Assets Per Total Equity		22,347,280	21,269,419

QUEENSTOWN LAKES COMMUNITY HOUSING TRUST
STATEMENT OF FINANCIAL POSITION
As at 31 March 2019

Signed  Trustee

16/07/19 Date

Signed  Trustee

16/07/19 Date



QUEENSTOWN LAKES COMMUNITY HOUSING TRUST
STATEMENT OF CASH FLOWS
For the Year Ended 31 March 2019

	Notes	Group 2019 \$	Group 2018 \$
Cashflows from Operating Activities			
Cash Was Provided From			
Receipts from Customers		1,144,167	2,877,256
Proceeds from Mortgages Issued		1,390,143	477,994
Grants Received		50,000	50,000
Interest Received		88,491	119,211
Inclusionary Zoning Contributions Received		70,488	2,424,803
Cash Was Dispersed To			
Payments to Suppliers and Employees		2,985,264	193,763
Trustee Fees		102,877	99,428
Interest Paid		230,576	257,207
Net cash inflow/(outflow) from operating activities	13	(575,428)	5,398,866
Cashflows from Investing Activities			
Cash Was Provided From			
Sale of Property Plant and Equipment		3,447,276	1,713,351
Cash Was Dispersed To			
Payment For Capital Work in Progress and Purchase of Property Plant and Equipment		3,559,841	3,689,637
Net cash inflow/(outflow) from investing activities		(112,565)	(1,976,286)
Cashflows from Financing Activities			
Cash Was Provided From			
Proceeds From Borrowings		-	-
Cash Was Dispersed To			
Repayment Of Borrowings		128,356	2,367,196
Net cash inflow/(outflow) from financing activities		(128,356)	(2,367,196)
Net (decrease)/increase in Cash and Cash Equivalents		(816,349)	1,055,384
Cash and Cash Equivalents At The Beginning Of The Year		4,716,889	3,661,505
Cash and Cash Equivalents at end of the year		3,900,540	4,716,889
Represented By:			
ASB Bank Accounts		2,716,145	1,103,352
SBS Bank Accounts		1,184,395	3,613,537
		3,900,540	4,716,889



QUEENSTOWN LAKES COMMUNITY HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2019

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.

Inclusionary Zoning contributions received

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.



QUEENSTOWN LAKES COMMUNITY HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2019

STATEMENT OF ACCOUNTING POLICIES

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 Sales

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.



QUEENSTOWN LAKES COMMUNITY HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2019

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.



QUEENSTOWN LAKES COMMUNITY HOUSING TRUST
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2019

Notes

1. Capital Commitments

As at 31 March 2019 the Group was committed to the purchase of 50 units in the Remarkables Park Complex at a cost of \$26,093,000. A deposit of \$2,609,300 was paid in April 2018. The balance is payable on completion in June 2021.

During 2018 the Trust was building 6 houses in Cherwell Lane in the Shotover Country subdivision. The total project was budgeted to cost \$2,526,100 excluding land; at 31 March 2018 \$197,045 had been spent. The project was completed in March 2019 and the total cost was \$2,622,692 (including finance).

During 2018 the Trust was building 2 houses in the Northlake subdivision. The total project is budgeted to cost \$777,811 excluding land; at 31 March 2018 \$684,969 had been spent. The project was completed in July 2018 and the total cost was \$751,223.

2. Contingent Liabilities

As at 31 March 2019 the Trust has no contingent liabilities (2018: \$Nil).

3. Related Parties

Stephen Brent was a partner in the firm Cavell Leitch, and is now a partner in the firm RVG Law, which is one of the legal firms providing legal services to the Group. Stephen Brent resigned as a Trustee, effective from 31 March 2018, so no 2019 disclosure is required (2018: \$29,917).

4. Stakeholder Contributions Received

	Group 2019	Group 2018 \$
Cash Contributions	70,488	194,565
Land Contributions	-	1,526,000
Total as at 31 March	70,488	1,720,565

5. Fees Paid to Auditors

	Group 2019 \$	Group 2018 \$
Audit Services	9,500	9,060
Total as at 31 March	9,500	9,060

6. Property Plant and Equipment

2019	Group Cost	Purchases	Transfer From WIP	Sales or Disposals	Depn Charge	Accum Depn	Net Book Value
Land	5,469,524	-	1,526,000	576,248	-	-	6,419,275
Buildings	14,620,600	2,357	743,023	1,189,338	385,849	1,465,132	12,711,511
Plant and Equipment	4,335	9,749	-	-	2,875	4,788	9,296
Total as at 31 March	20,094,459	12,106	2,269,023	1,765,586	388,724	1,469,920	19,140,082

2018	Group Cost	Purchases	Transfer From WIP	Sales or Disposals	Depn Charge	Accum Depn	Net Book Value
Land	4,546,525	59,986	1,188,301	325,288	-	-	5,469,524
Buildings	12,991,058	436,332	1,967,963	689,185	409,333	1,164,851	13,542,317
Plant and Equipment	699	3,636	-	-	1,485	1,913	2,422
Total as at 31 March	17,538,282	499,954	3,156,264	1,014,473	410,818	1,166,764	19,013,263



QUEENSTOWN LAKES COMMUNITY HOUSING TRUST
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended 31 March 2019

7. Mortgages Issued

		Group 2019	Group 2018
		\$	\$
	Repayment		
Mortgage #14	Repaid in full	-	314,350
Mortgage #15	Repaid in full	-	249,154
Mortgage #19	Repaid in full	-	281,469
Mortgage #20	Repaid in full	-	252,688
Mortgage #24	Repaid in full	-	292,482
Total as at 31 March		-	1,390,143

All Mortgages had a five-year term and were secured by registered charge over the certificate of title of the property purchased and were repaid in full during the 2019 year. Interest was charged on the Mortgages at rates of between 4.09% and 5.20%p.a.

	Group 2019	Group 2018
	\$	\$
Mortgages Issued		
Current Portion	-	1,390,143
Closing Balance	-	1,390,143

8. Development Work in Progress

	Group 2018	Group 2018
	\$	\$
Opening Balance	197,045	2,584,216
Plus Additions	2,387,212	452,249
Less Transfer to Cost of Goods Sold	(1,661,886)	(2,202,768)
Less Transfer to Property Plant and Equipment	-	(636,652)
Total as at 31 March	922,371	197,045

9. Capital Work in Progress

	Group 2019	Group 2018
	\$	\$
Opening Balance	2,210,969	2,278,875
Plus Additions	58,054	2,451,706
Less Transferred to Property Plant and Equipment	(2,269,023)	(2,519,612)
Total as at 31 March	-	2,210,969

QUEENSTOWN LAKES COMMUNITY HOUSING TRUST
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended 31 March 2019

10. Property Held For Sale

	Group 2019 \$	Group 2018 \$
Opening Balance	-	-
Plus 7 Stone Walls Lane	531,660	-
Total as at 31 March	531,660	-

11. Borrowings

	Group 2019 \$	Group 2018 \$
Housing NZ		
Opening Balance	378,934	398,534
Less Repayments	(19,600)	(19,600)
Total Housing NZ Loan Balance	359,334	378,934
	2019	2018
	\$	\$
Housing NZ		
Current Portion	19,600	19,600
Non-Current Portion	339,733	359,334
Closing Balance	359,333	378,934

The Housing NZ Loan was advanced from Housing New Zealand for the purposes of financing the Rent Saver Programme. This loan is principal repayments interest free for 10 years from August 2012 and then from August 2022 onto a table mortgage basis interest bearing for 15 years.

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 2019 \$	Group 2018 \$
SBS Term Loans		
Opening Balance	-	242,671
Plus Drawdowns	-	-
Less Repayments	-	(242,671)
Total SBS Bank Loan Balances	-	-

All SBS loans were repaid in full during the year.

QUEENSTOWN LAKES COMMUNITY HOUSING TRUST
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended 31 March 2019

11. Borrowings (cont'd)

	Group 2019 \$	Group 2018 \$
ASB Term Loans		
Opening Balance	1,539,165	3,572,704
Plus Drawdowns	500,000	-
Less Repayments	(534,462)	(2,033,539)
Total ASB Bank Loan Balances	1,504,703	1,539,165

	Group 2019 \$	Group 2018 \$
ASB Term Loans		
Current Portion	35,432	34,466
Non-Current Portion	1,469,271	1,504,699
Closing Balance	1,504,703	1,539,165

The ASB loans 910002 and 910003 have interest charged at a rate of 4.5%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.

12. Central Lakes Trust

	Group 2019 \$	Group 2018 \$
Opening Balance	3,905,446	3,976,831
Plus Drawdowns	-	-
Less Repayments	(74,294)	(71,385)
Total Central Lakes Trust Loan Balances	3,831,152	3,905,446

	Group 2019 \$	Group 2018 \$
Current Portion	77,321	74,294
Non-Current Portion	3,753,832	3,831,152
Closing Balance	3,831,153	3,905,446

The 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.

QUEENSTOWN LAKES COMMUNITY HOUSING TRUST
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended 31 March 2019

12. Subsidiaries

Name of Entity Subsidiary	Balance Date	Country of Incorporation	Ownership 2019 %	Interest 2018 %
QLCHT Shotover Country Limited	31 March	New Zealand	100%	100%
QLCHT Developments Limited	31 March	New Zealand	100%	100%
QLCHT Property Portfolio Limited	31 March	New Zealand	100%	100%
Queenstown Housing Bonds Limited	31 March	New Zealand	100%	100%

13. Reconciliation of Operating Cash Flows to Net Surplus

	Group 2019 \$	Group 2018 \$
Net Surplus/(Deficit) for the Year	1,077,861	2,036,016
<u>Add/(Deduct):</u>		
Depreciation	388,724	410,818
Depreciation recovered	(158,936)	(85,569)
Loss/(Gain) on Disposal of Property Plant and Equipment	(1,446,753)	(613,309)
Provisions made	10,823	5,084
<u>Adjustments for Movements In:</u>		
(Increase)/Decrease in Accounts Receivables	(1,119,011)	691,186
Increase/(Decrease) in Payables	35,658	92,447
Increase/(Decrease) in Accruals	(28,611)	(2,971)
(Increase)/Decrease in Development Work in Progress	(725,326)	2,387,170
Increase/(Decrease) in Mortgages Issued	1,390,143	477,994
Net Cash (outflow)/inflow from operating activities	(575,428)	5,398,866

QUEENSTOWN LAKES COMMUNITY HOUSING TRUST
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended March 2019

14. Operating Leases

Operating lease as lessee

	Group 2019 \$	Group 2018 \$
Less than one year	14,000	14,000
Between one and five	-	14,000
Total non-cancellable operating lease payments	14,000	28,000

The Trust has entered into an operating lease for office premises. The lease was renewed on 1 April 2016 for a further 3 years. There was a rent review on 1 April 2019.

Operating Lease as lessor

The future non-cancellable minimum lease payments of operating leases as lessor at reporting date are \$2,703,721 (2018: \$2,420,173).



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 2019, and the consolidated statement of comprehensive revenue and expense, statement of movements in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, on pages 4 to 17, present fairly, in all material respects, the consolidated financial position of the group as at 31 March 2019, and its consolidated financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

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 group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, 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 or any of its subsidiaries..

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 consolidated 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 responsible on behalf of the group for the preparation and fair presentation of the consolidated financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated 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. 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
16 July 2019