



The Sir Peter Blake Trust
Consolidated Performance Report for the year ended 30 September 2018

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The Board of Trustees is pleased to present the financial statements for the Sir Peter Blake Trust, for the year ended 30 September 2018.

The financial statements presented on pages 2 – 8 are signed for and on behalf of the board.

Paul Reynolds

Trustee

28 November 2018

Gina Dellabarca

Trustee

28 November 2018

Authorised for issue on 28 November 2018.



THE SIR PETER BLAKE TRUST
Leadership in Action

TRUST DIRECTORY

Incorporation Date:

17 December 2003
(Under the Charitable Trusts Act 1975)

Principal Activities:

Charitable Trust

Patron:

Her Excellency Lt General The Right Honourable Dame Patsy Reddy, DNZM, Governor General of New Zealand
Pippa, Lady Blake

Trustees:

David McLean (Resigned - Chair until 24/08/2018)
Gina Dellabarca (Ex officio Trustee for Chief Executive Officer of Westpac New Zealand Limited from 24/08/2018)
Dr Paul Reynolds (Chair from 24/08/2018)
Ngarimu Blair (from 15/08/2018)
Sue Foley (Resigned 15/08/2018)
Pippa, Lady Blake
Peter Hay (Retired 28/05/2018)
Iona Holstead
Suze Strowger (Alternate for Secretary of Education)
Nicholas Main
John Martin (Appointed 21/02/2018)
Vicky Robertson
Kevin Shoebridge (Appointed 15/08/2018)
Glen Sowry (Retired 24/07/2018)
Rachel Taulelei (Retired 28/05/2018)
Gary Wilson

Lifetime Members:

Sir Ronald Carter
Sir Christopher Mace
Don Robertson

Sir Peter Blake Charity Ltd Directors:

Shelley Campbell (Resigned 12/04/2018)
James Gibson (Appointed 12/04/2018)
Sue Foley (Resigned 03/09/2018)
Paul Reynolds (Appointed 15/08/2018)
Gary Wilson

Solicitors:

Chapman Tripp
Level 35
ANZ Centre
23-29 Albert Street
Auckland

Bankers:

Westpac Banking Corporation
16 Takutai Square
Auckland

Accountants:

KPMG
KPMG Centre
18 Viaduct Harbour Avenue
Auckland

Auditors:

PricewaterhouseCoopers
Level 22
PricewaterhouseCoopers Tower
188 Quay Street
Auckland

Chief Executive

Shelley Campbell (Resigned 2/10/2017)
James Gibson (Appointed 12/02/2018)

Acting Chief Executive

Sally Paterson (4/09/2017 – 12/02/2018)

Contact Details:

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Cnr Quay and Hobson Streets
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Customs St
Auckland 1143
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Entity Information

for the year ended 30 September 2018

Legal Name	Sir Peter Blake Trust
Type of Entity	Charitable Trust and Registered Charity
Registration Number	CC25007 & CC23874
Entity's Purpose or Mission	Sir Peter Blake Trust aims to inspire and mobilise the next generation of Kiwi leaders, adventurers and environmentalists.
Entity Structure	<p>Sir Peter Blake Trust (the 'Trust') was incorporated on 17 December 2003 as a Charitable Trust. The Trust was established with an endowment of \$3,800,000 from the New Zealand Government. Sir Peter Blake Charity Limited (the 'Company') was incorporated on 15 August 2006 and is 100% owned by the Sir Peter Blake Trust. The Trust undertakes the investment functions, while the Company was incorporated to undertake the operating functions. Both the Trust and the Company are registered charities.</p> <p>Trustees are appointed to the Trust Board for a three year term and include representatives from the Ministry for the Environment, Ministry of Education, Westpac New Zealand Limited and Royal New Zealand Navy.</p>
Main Sources of the Entity's Cash and Resources	The Sir Peter Blake Trust fund, created by the endowment of \$3,800,000, was provided as a means for the Trust to generate income to pursue the objectives of the Trust.
Main Methods Used by the Entity to Raise Funds	In 2018 the Trust received its income from a mixture of investment revenue, grants and donations, commercial sponsorship, fundraising events and government contracts.
Entity's Reliance on Volunteers and Donated Goods or Services	<p>Volunteers: The Trust utilised the services of over 100 volunteers (2017: 511) during the year to support its programmes. These included trustees serving on the Trust Board, community leaders talking to school groups, chaperones on field trips and alumni undertaking speaking engagements on behalf of the Trust.</p> <p>Donated Goods and Services: The Trust was fortunate to receive considerable support from sponsors and donors by way of donated goods and services. This included venues for meetings, trust board secretarial services, accounting, financial and legal advice, auditing services, video production, website hosting, access to retail distribution for red socks, a major event venue, printing services, access to expert advice from the scientific community, and ship berths for expeditions.</p> <p>Donations of services and products received in kind have not been recognised in the consolidated statement of financial performance as their fair value cannot be reliably estimated. However, the Trust recognises and extends its appreciation to the following organisations for their contributions in the 12 months to 30 September 2018: Westpac New Zealand Limited (Westpac), Fuji Xerox New Zealand Limited, Antarctica New Zealand, Auckland War Memorial Museum, Chapman Tripp, Department of Conservation, KPMG, Media Works Foundation, Ministry for the Environment, NIWA, NZ Post, PricewaterhouseCoopers, Ports of Auckland Ltd, Royal New Zealand Navy, Royal New Zealand Yacht Squadron, Sheffield, Tara Foundation, University of Auckland and University of Otago.</p>

Statement of Service Performance

for the year ended 30 September 2018

Sir Peter Blake Trust's Outcomes:

Sir Peter Blake Trust continues Sir Peter's legacy through activities that encourage leadership development and environmental awareness and action. The Company endeavours to achieve the following outcomes:

- To lift the leadership performance of our next generation of Kiwi leaders, adventurers and environmental stewards;
- To engage every child in every classroom to become passionate about caring for our environment.

Sir Peter Blake Trust's Outputs:

1. LIFTING LEADERSHIP PERFORMANCE	2018	2017
<p>• Blake Leadership Awards The prestigious Blake Leadership Awards are conferred to individuals with the determination and will to succeed and a belief in achieving extraordinary things for New Zealand.</p> <ul style="list-style-type: none"> • Awards conferred 	7	7
<p>• Youth EnviroLeaders Forum A week long leadership development adventure held in Taranaki in 2018 (Auckland 2017), targeting year 11-13 student environmental leaders. New Zealand student delegates:</p> <ul style="list-style-type: none"> • New Zealand delegates • International youth delegates 	56 NA	55 5
<p>• Young Blake Expedition Ocean Voyage Expedition to the Kermadecs, with the support of the Royal New Zealand Navy, targeting secondary school students identified with outstanding leadership potential for a once-in-a-lifetime expedition. (No expedition in 2017)</p> <ul style="list-style-type: none"> • Student voyagers • Adult crew 	18 25	NA NA
<p>• Blake Ambassadors Environmental field work with Department of Conservation, NIWA, Antarctica NZ and the Antarctic Heritage Trust and Tara, targeting tertiary students, graduates and teachers, 18-25 years old.</p> <ul style="list-style-type: none"> • Blake Ambassadors 	13	13
<p>• Environmental Educator The opportunities for this years educator included the expedition to the Kermadecs and attending the Youth Enviroleaders Forum. He has also contributed to the VR teacher resources.</p> <ul style="list-style-type: none"> • Number of teachers 	1	2

Statement of Service Performance

for the year ended 30 September 2018

2. EVERY CHILD IN EVERY CLASSROOM	2018	2017
<ul style="list-style-type: none"> <p>• Dream Team During Leadership Week, Kiwi leaders take time to visit schools and inspire Kiwi kids to achieve their dreams.</p> <ul style="list-style-type: none"> • Children reached in face to face classroom sessions 32,000 32,675 		
<ul style="list-style-type: none"> <p>• Young Leader Awards Supported by Westpac, Young Leaders from primary and intermediate schools are nominated by their school and presented with the award for all round leadership.</p> <ul style="list-style-type: none"> • Awards presented 634 442 		
<ul style="list-style-type: none"> <p>• NZ-Virtual Reality project (new project 2018) Working in partnership with NZ Geographic, 360 video footage has been collected underwater at some of New Zealand's most important marine locations, for distribution to schools and the public in the next financial year.</p> <ul style="list-style-type: none"> • Number of sites filmed and videos created. 5 NA 		

Additional Output Measures:

Sir Peter Blake Charity Limited is a small organisation with limited resources. The Company extends its reach into the community by encouraging other groups to engage in activities which encourage leadership development and environmental awareness.

• **Collaboration**

Collaboration with schools, community groups and businesses is a key feature of the Company's successful programmes.

Collaborative Partners involved in Youn Blake Expeditions include Royal NZ Navy, NIWA, University of Auckland, Massey University, Auckland Museum, Experiencing Marine Reserves and DOC.

• **Volvo Ocean Race**

During the Volvo Ocean Race stopover we hosted a breakfast event at the Maritime Museum, attended by 170 people, where the guest speaker was Dee Caffari - skipper of Turn the Tide On Plastic.

Consolidated statement of revenue and expense

for the year ended 30 September 2018

	Note	2018 \$	2017 \$
Revenue			
Donations and grants	7	319,310	264,498
Dividend income		77,346	16,494
Interest income		141,041	219,737
Sponsorships		311,138	315,609
Programme service revenue		433,511	314,751
Red socks revenue		6,532	19,038
Other income		47,416	44,412
Total operating revenue		1,336,294	1,194,539
Expenses			
Administration and overhead costs		84,627	20,517
Lease and rental expense		54,355	53,551
Fundraising expenses		-	24,093
Programme costs		533,141	478,134
Employee costs		717,242	617,867
Red socks expense		9,164	16,342
Amortisation and depreciation	4, 5	34,030	34,915
Net change in fair value and (gain)/loss of investments		(38,708)	85,797
		1,393,851	1,331,216
Net deficit for the year		(57,557)	(136,677)
Other comprehensive revenue and expense		-	-
Total comprehensive loss		(57,557)	(136,677)

Consolidated statement of movements in trust funds

for the year ended 30 September 2018

	2018 \$	2017 \$
Total trust funds at the beginning of the year	4,565,377	4,702,054
Total comprehensive revenue and expense		
Net deficit for the year	(57,557)	(136,677)
Other comprehensive revenue and expense	-	-
	(57,557)	(136,677)
Total trust funds at the end of year	4,507,820	4,565,377

The above statements are to be read in conjunction with the notes to the performance report.

Consolidated statement of financial position

as at 30 September 2018

	Note	2018 \$	2017 \$
Trust funds	2	4,507,820	4,565,377
Current assets			
Cash at bank		1,201,169	739,523
Accounts receivable		79,938	97,846
Other receivables		8,361	21,781
Stock on hand		2,494	12,803
		1,291,962	871,953
Non-current assets			
Property, plant and equipment	5	19,436	28,676
Intangibles	4	9,100	32,698
Investments	3	3,348,020	3,768,084
		3,376,556	3,829,458
Total assets		4,668,518	4,701,411
Current liabilities			
Accounts payable and accruals		11,570	32,460
Unearned income		74,133	29,333
Employee benefits		60,814	50,601
GST payable		10,585	10,696
Programme expenses payable		3,596	12,944
Total liabilities		160,698	136,034
Total net assets		4,507,820	4,565,377

Consolidated statement of cash flows

for the year ended 30 September 2018

	2018	2017
	\$	\$
Cash flows from operating activities		
Receipts from grants	312,486	165,070
Receipts from donations	31,372	94,749
Receipts from sponsorships	311,059	315,609
Receipts from service delivery	463,854	410,990
Receipts from red socks	12,705	16,877
Other receipts	49,843	51,115
Interest received	154,703	231,165
Dividends received	76,030	16,493
Payments to suppliers, employees and others	(1,407,455)	(1,186,749)
Net cash inflow from operating activities	4,597	115,319
Cash flows from investing and financing activities		
Payments for property, plant and equipment	(1,192)	(1,810)
Payments for intangibles	-	(21,000)
Payments for investments	(2,186,495)	(1,021,653)
Proceeds from sale of investments	2,644,736	1,372,000
Net cash inflow from investing and financing activities	457,049	327,537
Net increase in cash and cash equivalents	461,646	442,856
Opening cash and cash equivalents	739,523	296,667
Closing cash and cash equivalents	1,201,169	739,523

Notes to the consolidated performance report

1 Accounting policies

Reporting entity

The reporting entity consists of the Sir Peter Blake Trust (the 'Trust'), which was settled on 17 December 2003, and includes Sir Peter Blake Charity Limited (the 'Company'), which was incorporated 15 August 2006. The Company is 100% owned and controlled by the Trust. Both entities are registered as charitable organisations under the Charities Act 2005 and are domiciled in New Zealand.

The consolidated performance report was authorised for issue by the Trustees on 28 November 2018

Basis of preparation

The consolidated performance report has been prepared in accordance with Tier 3 PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that the entity does not have public accountability and has total annual expenses of equal to or less than \$2,000,000.

The consolidated performance report and the accompanying notes summarise the financial results of the activities carried out by the Trust, for the year ended 30 September 2018. All transactions in the consolidated performance report are reported using the accrual basis of accounting. The consolidated performance report is presented in New Zealand dollars and rounded to the nearest dollar. The statement of cash flows has been prepared using the direct method.

The consolidated performance report has been prepared on the assumption that the Trust will continue to operate in the foreseeable future.

Taxation

The Sir Peter Blake Trust and the Sir Peter Blake Charity Limited are exempt from income tax on income derived by the trustees in trust for charitable purposes in New Zealand.

Goods and services tax

The consolidated performance report is prepared on a GST exclusive basis with the exception of accounts receivable, accounts payable and programme expenses payable, which are shown GST inclusive. The Company is registered for GST and the Trust is not registered for GST.

Revenue recognition

Donations and grants

Donation revenue is recognised in full on receipt. Grants received are recorded as income once all performance obligations have been met.

Interest income

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

Dividend income

Dividend income is recognised in surplus or deficit on the date on which the Trust's right to receive payment is established

Sponsorships

Sponsorships received are recorded as income once all performance obligations have been met.

1 Accounting policies (continued)

Revenue recognition (continued)

Programme service delivery

Programme service delivery revenue received are recorded as income once the programme has been delivered.

Red socks revenue

Revenue from the sale of red socks in the course of ordinary activities is measured at the consideration received or receivable.

Other income

Other revenue is recognised in full on receipt.

Leases

Payments made under operating leases are recognised in the consolidated statement of revenue and expense on a straight-line basis over the term of the lease.

Cash and cash equivalents

Cash in the consolidated statement of financial position comprise cash on hand, cash at bank.

Accounts receivable

Accounts receivable are stated at net realisable value.

Stock on hand

Stock on hand is stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stock on hand and bringing it to its existing condition and location.

Intangibles

The website is stated at cost and amortised on a straight line basis of 40%.

Where intangibles are disposed of, the gain or loss recognised in the statement of financial performance is calculated as the difference between the sale price and the carrying value of the asset.

Property, plant and equipment

Property, plant and equipment are stated at cost and depreciated as outlined below.

Where an asset is disposed of, the gain or loss recognised in the consolidated statement of revenue and expense is calculated as the difference between the sale price and the carrying amount of the asset.

Depreciation

Depreciation has been calculated on a straight line (SL) basis for the Expedition equipment, and diminishing value (DV) basis for all other assets using the following rates:

Expedition equipment	10% - 33% SL
Motor vehicles	30% DV
Office equipment	20% - 100% DV
Furniture and fittings	13% - 19.2% DV

1 Accounting policies (continued)

Investments

The investment portfolio consists of fixed interest security investments (bonds) and Australasian equities.

All listed investments held in managed funds are classified as held for trading financial assets. They are measured at fair value through surplus or deficit and any directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through surplus or deficit are measured at fair value and changes therein, including any interest or dividend income, and recognised in profit or loss.

Employee benefits

Employee benefits include employee remuneration owing at balance date and a provision for employee annual leave. The annual leave provision has been calculated on an actual accumulated entitlement basis at current rates of pay. This equates to the cash amount necessary to settle the obligation as at balance date.

Programme expenses payable

Programme expenses payable relate to outstanding expenses for the 2018 financial year relating specifically to programme delivery.

Tier 2 PBE policies applied

The consolidated performance report has been prepared in accordance with the requirements in:

- PBE IPSAS 6 (NFP) Consolidated and Separate Financial Statements.
- PBE IPSAS 29 (NFP) Financial Instruments - Recognition and Measurement

Changes in accounting policies and comparatives

The accounting policies applied during the year are consistent with those used for the year ended 30 September 2017.

2	Trust funds	2018	2017
		\$	\$
	Trust endowment		
	Trust endowment	3,800,000	3,800,000
	Accumulated comprehensive revenue and expense		
	Balance at beginning of the year	765,377	902,054
	Net deficit for the year	(57,557)	(136,677)
		<u>707,820</u>	<u>765,377</u>
	Total trust funds	<u>4,507,820</u>	<u>4,565,377</u>

An initial endowment of \$3,800,000 was received from the New Zealand Government on 22 October 2003. The \$3,800,000 endowment was provided as a means for the Trust to generate income to pursue the objectives of the trust.

The Trustees endeavour to protect the value of the endowment and this is represented by the accumulated trust funds carried forward.

3	Investments	2018 Interest rate	2017 Interest rate	2018 \$	2017 \$
	Government stock	6.00%	6.00%	-	504,200
	Commercial bonds	4.37%	5.77%	1,296,065	2,354,422
	Australasian Equities	-	-	2,051,955	909,462
				3,348,020	3,768,084

4	Intangibles	Cost	Additions	Disposals	Amortisation	Accumulated Amortisation	Carrying Value
		2018 \$	2018 \$	2018 \$	2018 \$	2018 \$	2018 \$
	Website	71,659	-	-	23,598	62,559	9,100
	Total	71,659	-	-	23,598	62,559	9,100
		2017 \$	2017 \$	2017 \$	2017 \$	2017 \$	2017 \$
	Website	50,659	21,000	-	23,763	38,961	32,698
	Total	50,659	21,000	-	23,763	38,961	32,698

5	Property, plant and equipment	Cost	Additions	Disposals	Depreciation	Accumulated Depreciation	Carrying Value
		2018 \$	2018 \$	2018 \$	2018 \$	2018 \$	2018 \$
	Expedition equipment	21,930	-	-	6,319	16,995	4,935
	Motor vehicles	13,043	-	-	2,328	7,611	5,432
	Office equipment	3,757	868	-	567	2,787	1,838
	Furniture and fittings	14,212	324	-	1,218	7,305	7,231
	Total	52,942	1,192	-	10,432	34,698	19,436
		2017 \$	2017 \$	2017 \$	2017 \$	2017 \$	2017 \$
	Expedition equipment	21,930	-	-	6,319	10,677	11,253
	Motor vehicles	13,043	-	-	3,326	5,283	7,760
	Office equipment	2,786	971	-	253	2,220	1,537
	Furniture and fittings	13,373	839	-	1,254	6,086	8,126
	Total	51,132	1,810	-	11,152	24,266	28,676

6	Operating lease commitments	2018 \$	2017 \$
	Lease commitments under non-cancellable operating leases are as follows:		
	Operating lease liability		
	Current	13,800	31,976
	Non-current	13,610	5,452
		27,410	37,428

7 Donations and grants

Donations and grants were received by the Trust to assist with programme delivery and operational expenses.

	2018	2017
	\$	\$
Grants:		
Auckland Council	-	15,000
Devonport-Takapuna Local Board	-	1,000
Foundation North	275,000	10,000
Hauraki Gulf Forum	-	5,000
Mericos Foundation	-	65,917
New Zealand France Friendship Fund	-	5,000
North & South Trust Ltd	8,138	-
Olive Stoddard Charitable Trust	-	4,000
Orakei Local Board	-	2,000
The Lion Foundation	25,000	37,500
Tindall Foundation	-	15,000
Waiheke Local Board	-	2,000
Waitemata Local Board	-	2,000
World Wild Life Fund New Zealand	-	5,000
	<u>308,138</u>	<u>169,417</u>
Less Grants received for the following year	(20,638)	-
Total grant income	<u>287,500</u>	<u>169,417</u>
Donations		
Donation income	31,810	95,081
Total Donations and Grants	<u>319,310</u>	<u>264,498</u>

8 Related parties

Sir Peter Blake Charity Limited was incorporated 15 August 2006 and is 100% owned by the Sir Peter Blake Trust. The Company was incorporated to undertake the operating functions, while the Trust undertakes the investing functions. Assets were transferred from Sir Peter Blake Trust to Sir Peter Blake Charity Limited via an inter-entity account in order for Sir Peter Blake Charity Limited to commence operation. During the year ended 30 September 2017, the inter-entity debt was repaid via a capital distribution of \$209,445 (2017: \$399,701) from the Trust to the Company. As at 30 September 2018, the inter-entity account balance is nil (2017: nil).

Westpac is a related entity of the trust. In addition to corporate sponsorship as detailed below, banking facilities, investment advisory services and board secretarial services were provided free of charge by Westpac to the Trust and Company during the year. During the year ended 30 September 2018, the Trust held one bond issued by Westpac, representing 11.5% (2017: 11.8%) of the value of the total investment portfolio. The bond matured on 20 September 2018 and was held as cash at 30 September 2018.

8 Related parties (continued)

The entities, nature of relationship, and the type and amounts of transactions with which the Company entered into related party transactions during the year are detailed below:

Name	Relationship	Type of Transaction	Transaction amounts	Transaction amounts
			2018 \$	2017 \$
Key Management Personnel		Remuneration	219,628	200,696
National Institute of Water and Atmospheric Research (NIWA)	Common board member	Sponsorship/board fees	105,500	81,098
Westpac New Zealand Ltd	Common board member	Corporate Sponsorship/sale of merchandise	164,182	158,905
Royal NZ Yacht Squadron	Common board member	Fundraising Event (Net)	29,239	31,581
Ministry for the Environment	Ministry for Environment representative on Trust Board	Contract for Services - Youth Environment Leaders Forum	176,000	160,000
Ministry of Education	Ministry of Education representative on Trust Board	Contract for service – Environmental Educator	126,135	118,750

The following related party balances receivable were outstanding as at 30 September:

Name	Relationship	Balance Receivable	Balance Receivable
		2018 \$	2017 \$
Ministry for the Environment	Ministry for Environment representative on Trust Board	18,400	69,000
Ministry of Education	Ministry of Education representative on Trust Board	42,809	-

As at 30 September 2018, there were no related party balances payable (2017: nil)

9 Commitments and Contingencies

There were no capital commitments or contingencies as at 30 September 2018 (2017: Nil).

10 Events after the reporting date

There were no events that have occurred after the reporting date that would have a material impact on the consolidated performance report (2017: Nil).



Independent auditor's report

To the Trustees of Sir Peter Blake Trust

The consolidated performance report comprises:

- the consolidated statement of financial position as at 30 September 2018;
- the consolidated statement of revenue and expense for the year then ended;
- the consolidated statement of movements in trust funds for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the entity information;
- the statement of service performance; and
- the notes to the consolidated performance report, which include a summary of significant accounting policies.

Our opinion

In our opinion:

- a) the consolidated performance report of The Sir Peter Blake Trust (the "Trust"), including its wholly owned subsidiary Sir Peter Blake Charity Limited (together "the Group") on pages 2 to 13 present fairly, in all material respects, the entity information, the consolidated service performance and the consolidated financial position of the Group as at 30 September 2018, and its consolidated revenue and expense and cash flows for the year ended on that date in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit); and
- b) the reported outcomes and outputs, and quantification of the outputs to the extent practicable, in the statement of service performance are suitable.

Basis for opinion

We conducted our audit of the consolidated statement of financial position, the consolidated statement of revenue and expense, the consolidated statement of cash flows and the related notes to the consolidated performance report that include a summary of significant accounting policies and other explanatory information in accordance with International Standards on Auditing (New Zealand) (ISAs NZ). The audit of the entity information and the statement of service performance was conducted in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised) (ISAE (NZ) 3000).

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated performance report* 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 Trust in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) 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.

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

Information other than the consolidated performance report and auditor's report

The Trustees are responsible for the annual report. Our opinion on the consolidated performance report does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the consolidated performance report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated performance report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustees for the consolidated performance report

The Trustees are responsible, on behalf of the Trust, for the preparation and fair presentation of the consolidated performance report in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Not-For-Profit), and for such internal control as the Trustees determine is necessary to enable the preparation of the consolidated performance report that is free from material misstatement, whether due to fraud or error.

In preparing the consolidated performance report, the Trustees are responsible 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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated performance report

Our objectives are to obtain reasonable assurance about whether the consolidated performance report, as a whole, is 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 or ISAE (NZ) 3000 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 this consolidated performance report.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated performance report, including performing procedures to obtain evidence about and evaluating whether the reported outcomes and outputs and quantification of the outputs to the extent practicable, are relevant, reliable, comparable and understandable.



A further description of our responsibilities for the audit of the consolidated performance report is located at the External Reporting Board's website at.

https://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page7.aspx

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Trustees of the Group, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state in an auditors' 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 Group, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Jonathan Freeman.

For and on behalf of:

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

Chartered Accountants

Auckland

28 November 2018