

Life Education Trust (NZ)

**LIFE
EDUCATION
TRUST** NZ

Inspired Learning. Inspiring Lives.

Consolidated Financial Statements For the year ended 31 December 2019

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Life Education Trust (NZ) and Group



Statement of Consolidated Comprehensive Revenue and Expenses For the year ended 31 December 2019

	Group 2019 \$000	Group 2018 \$000
REVENUE		
Revenue from non-exchange transactions		
Fundraising	571	680
Donations	663	954
Sponsorship	786	813
Grants	3,727	3,353
School Fees	1,158	1,097
Other non-exchange revenue	9	21
Total revenue from non-exchange transactions	6,914	6,918
Revenue from exchange transactions		
Interest Revenue	91	93
Total revenue from exchange transactions	91	93
TOTAL REVENUE	7,005	7,011
EXPENSES		
Fundraising	339	344
Audit Fees	42	46
Wages, salaries and other employee costs	4,518	4,242
Depreciation	745	753
Rent	44	39
Conference Costs	151	133
General Expenses	1,501	1,364
TOTAL EXPENSES	7,340	6,921
Other comprehensive revenue and expenses	-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSES	(336)	90

These financial statements should be read in conjunction with the notes to the financial statements.



Life Education Trust (NZ) and Group



Statement of Consolidated Financial Position As at 31 December 2019

	Notes	Group 2019 \$000	Group 2018 \$000
ASSETS			
Current			
Cash and cash equivalents	5	2,355	2,809
Receivables from exchange transactions	6	40	46
Receivables from non-exchange transactions	6	207	157
Prepayments		65	71
Inventories		205	139
Investments		2,618	2,414
Total current assets		5,490	5,636
Non-current			
Property, plant and equipment	8	1,706	1,986
Intangibles	9	184	257
Investments		6	1
Total non-current assets		1,896	2,244
TOTAL ASSETS		7,386	7,880
LIABILITIES			
Current			
Accounts Payables and accruals		300	263
Grants Received in Advance		340	551
Employee entitlements		168	152
TOTAL LIABILITIES		808	966
NET ASSETS		6,578	6,914
TOTAL EQUITY		6,578	6,914

These financial statements have been authorised for issue by the Board on 5 June 2020


Chairman

5.6.2020
Date


Trustee

5/6/2020
Date

These financial statements should be read in conjunction with the notes to the financial statements.



Statement of Consolidated Changes in Net Assets For the year ended 31 December 2019

	Notes	Group 2019 \$000	Group 2018 \$000
Opening balance		6,914	6,824
Surplus / Deficit for the year		(336)	90
Total comprehensive revenue and expense		6,578	6,914
Total Equity		6,578	6,914

These financial statements should be read in conjunction with the notes to the financial statements.



Statement of Consolidated Cash Flows For the year ended 31 December 2019

	Group 2019 \$000	Group 2018 \$000
Cash flow from operating activities		
Cash was provided from/(applied to):		
Fundraising, donations, grants	5,499	5,991
Receipts from goods & services provided, non exchange transactions	1,158	1,098
Payments to suppliers	(2,126)	(2,005)
Payments to employees	(4,487)	(4,261)
Net cash from operating activities	44	823
Cash flow from investing activities		
Cash was provided from/(applied to):		
Purchase of property, plant and equipment	(390)	(427)
Purchases of financial assets	(208)	391
Sale of financial assets	-	-
Net cash (used in) investing activities	(598)	(35)
Cash flow from financing activities		
Cash was provided from/(applied to):		
Proceeds from equity donations	-	-
Interest and dividends received	91	93
Net cash from/ financing activities	91	93
Net (decrease) in cash and cash equivalents	(462)	881
Cash and cash equivalents, beginning of the year	2,809	3,481
Cash and cash equivalents at end of the year	2,346	4,361

These financial statements should be read in conjunction with the notes to the financial statements.



Life Education Trust (NZ) and Group



Notes to the Consolidated Financial Statements For the year ended 31 December 2019

1 Reporting Entity

These financial statements comprise the consolidated financial statements of Life Education Trust (NZ) Incorporated ("Life Education") and its controlled Community Trusts (together the "Group") for the year ended 31 December 2019.

These consolidated financial statements and accompanying notes summarise the financial results of activities carried out by Life Education. Life Education provides education in schools to primary aged children in New Zealand. All entities are charitable organisations registered under the Charitable Trust Act 1957 and Charities Act 2005

These consolidated financial statements have been approved and were authorised by the Board on 5 June 2020.

Community Trusts included in the consolidated financial statements

1	Life Education Trust Auckland Central Incorporated	CC10964
2	Life Education Trust Auckland West (nee Waitakere 2011)	CC47929
3	Life Education Trust Canterbury	CC21899
4	Life Education Trust Central Plateau	CC22184
5	Life Education Trust Coastal Otago	CC52525
6	Life Education Trust Counties Manukau	CC27194
7	Life Education Trust EBOP	CC52691
8	Life Education Trust Far North	CC21233
9	Life Education Trust Gisborne East Coast and Wairoa	CC52789
10	Life Education Trust Hamilton	CC22189
11	Life Education Trust Hawkes Bay	CC21499
12	Life Education Trust Heartland Otago/Southland	CC20301
13	Life Education Trust Hutt Valley	CC10319
14	Life Education Trust Kapiti Horowhenua	CC21023
15	Life Education Trust Manawatu	CC21906
16	Life Education Trust Marlborough	CC22853
17	Life Education Trust Mid and South Canterbury	CC52428
18	Life Education Trust Nelson/Tasman	CC11260
19	Life Education Trust North Shore	CC22201
20	Life Education Trust North Wellington	CC22113
21	Life Education Trust Rodney	CC37765
22	Life Education Trust Rotorua Area	CC52571
23	Life Education Trust Southland	CC22387
24	Life Education Trust Taranaki	CC46010
25	Life Education Trust Thames/ Coromandel/ Hauraki/ Waihi	CC26894
26	Life Education Trust Cambridge/The Awamutu/King Country	CC21856
27	Life Education Trust Wairarapa, Tararua & Central Hawkes Bay	CC29410
28	Life Education Trust Wanganui and Districts	CC52427
29	Life Education Trust Wellington City	CC22384
30	Life Education Trust West Coast	CC22112
31	Life Education Trust Western Bay of Plenty Region	CC30218
32	Life Education Trust 2011 Whangarei	CC47834



No Trusts have been excluded from the consolidation. The reporting date of all Trusts is 31 December 2019 and there are no restrictions on the ability of the subsidiaries to transfer funds to the Parent in the form of cash and cash distributions or to replay loans or advances.

2 Statement of compliance

The consolidated financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand ('NZ GAAP'). They comply with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime ("PBE IPSAS RDR") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-for Profit entities. For the purpose of complying with NZ GAAP, the Group is a public benefit not-for -profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and is not large.

The Board of Trustees has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.



Notes to the Consolidated Financial Statements For the year ended 31 December 2019

3 Summary of significant accounting policies

The significant accounting policies used in the preparation of these consolidated financial statements are summarised below:

(a) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis.

(b) Presentation currency

The financial statements are presented in New Zealand dollars (\$) which is the Groups' functional currency. The consolidated financial statements are rounded to the nearest dollar.

(c) Basis of consolidation

The consolidated financial statements include the financial statements of the Parent being Life Education Trust (NZ)

All subsidiaries have a 31 December reporting date and consistent accounting policies are applied.

The consolidation of the Parent and subsidiary entities involves adding together like terms of assets, liabilities, income and expenses on a line-by-line basis. All significant intra-entity balances are eliminated on consolidation of the financial position, performance and cash flows.

There is no financial investment by the Parent in subsidiaries.

(d) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. Revenue is derived from two broad categories - revenue from exchange transactions and revenue from non-exchange transactions.

The following specific recognition criteria must be met before revenue is recognised.

Revenue from Non Exchange Transactions:

Donations

Donations are recognised as revenue at fair value upon receipt. Like many other charitable organisation, the Group often receives the benefit of peoples time and services are carried out free of charge. This type of donation cannot be readily quantified and hence is not recorded in the consolidated financial statements.

Grants

Grant revenue is recognised when the conditions attached to the grant have been complied with. Where there are unfulfilled conditions attached to the grant that give rise to a use or return obligation, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

Where there are no use or return conditions attached to the grant, the grant is recognised as revenue when received.

Fundraising

Trusts carry out fundraising events during the year. Fundraising revenue is recognised at the point where the cash is received.

School Fees Revenue

Revenue from school visits is recognised on the date of the visit. School fees are calculated based on a cost per child which can vary from Trust to Trust. All Trusts heavily subsidise the cost of their visits therefore this is classified as a non exchange transaction.

Sponsorship

Sponsorship is recognised as revenue when received and all associated obligations have been met. Sponsorship received for which the conditions have not been met is treated as income in advance under current liabilities.

Revenue from Exchange transactions:

Interest Revenue

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

Notes to the Consolidated Financial Statements For the year ended 31 December 2019

(e) Financial instruments

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

The Group derecognises a financial asset, or where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset are expired or are waived, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- * the Group has transferred substantially all the risks and rewards of the asset; or
- * the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Assets:

Financial Assets within the scope of NFP PBE IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held to maturity investments or available for sale financial assets. The classification of the financial assets is determined at initial recognition.

The categorisation determines subsequent measurement and whether any resulting revenue and expenses are recognised in surplus or deficit or in other comprehensive revenue and expenses. The Group's financial assets are classified as loans and receivables. The Group's financial assets included cash and cash equivalents, short term investments, receivables from non-exchange transactions, receivables from exchange transactions and investments.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The Group's cash and cash equivalents, short-term investments, receivables from non-exchange transactions and receivables from exchange transactions fall into this category of financial instruments.

Impairment of financial assets

The Group assesses at the end of reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there is any objective evidence of impairment, the Group first assesses whether there is objective evidence of impairment of financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Group determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

Notes to the Consolidated Financial Statements For the year ended 31 December 2019

Financial Liabilities:

Subsequent measurement of financial liabilities

The Group's financial liabilities include trade and other creditors and other payables, employee entitlements and grants received in advance (in respect to grants whose conditions are yet to be met)

All financial liabilities are initially recognised at fair value and are measured subsequently at amortised cost using the effective interest method.

(f) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, cash at bank and short term deposits with a total term of three months or less.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value (NRV). Management assess the service potential of our stock as a source of impairment testing, workbooks are a useful teaching tools in our classrooms and this can be basis for not impairing where cost is greater than NRV. NRV is the estimated selling price in the ordinary course of the business, less estimated costs of completion and selling expenses after making allowances for any obsolete stock.

Stock write down is included in the Statement of Consolidated Comprehensive Revenue and Expenses.

Inventories include workbooks and other merchandise items.

(h) Property, plant and equipment

All items of property, plant and equipment are measured at cost, less accumulated depreciation and any impairment losses. Cost include expenditure that is directly attributable to the acquisition of the asset.

Depreciation

Depreciation is charged on a straight line basis over the useful life of the asset, except for land and buildings. Land and buildings are not depreciated. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

The following are depreciation rates applied during the year:

Mobile Classrooms	9.5 - 50% DV	2.5 - 12.6 years
Vehicles	20% DV	3-10 years
Computers	50% DV	1.5 - 4 years
Equipment and Resources	9.5 -67% DV	2.5-12 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

Notes to the Consolidated Financial Statements For the year ended 31 December 2019

(i) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Websites are the only intangible asset belonging to the group.

The useful lives of intangible assets are assessed as finite at 2.5 - 10 years.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits or service potential embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in surplus or deficit within the expense category that is consistent with the function of the intangible assets.

The Group does not hold any intangible assets that have an infinite life.

(j) Leases

Payments on operating leases, where the lessor retains substantially all the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

(k) Employee Entitlements

Employee benefits that the Group expects to be settled within 12 months of the reporting date are measured at nominal value based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date.

(l) Income tax

Due to its charitable status, the Group and its components are exempt from income tax.

(m) Goods and Services Tax (GST)

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

Notes to the Consolidated Financial Statements For the year ended 31 December 2019

4 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements require management to make judgements, estimates and assumptions around reported amounts of assets, liabilities, income and expenses and the accompanying disclosures. Where material, information on significant judgements, estimates and assumptions is provided in the relevant accounting policy or provided in the relevant note disclosure.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to ongoing review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in future years affected.

The following are significant management judgements in applying the accounting policies of the Parent and Group that have a significant effect on the consolidated financial statements:

Useful lives and residual values

The useful lives and residual values of assets are assessed annually based on the following indicators of impairment:

- The condition of the asset based on the assessment of experts employed by the Group
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Adjustments to useful life are made when considered necessary.

5 Cash and cash equivalents

	Group	Group
	2019	2018
	\$000	\$000
Cash at bank and in hand	2,105	2,509
Investments with maturities less than 90 days	250	300
Total cash and cash equivalents	2,355	2,809

The carrying amount of cash and cash equivalents approximates their fair value.

Short term deposits are made for varying periods of between one to three months depending of the immediate cash requirements of the Group, and earn interest at respective short-term deposit rates.

Notes to the Consolidated Financial Statements For the year ended 31 December 2019

6 Trade and Other Receivables

	Group 2019 \$000	Group 2018 \$000
Exchange		
Accounts receivable from Exchange Transactions	40	46
Other receivables	-	-
Less allowance for doubtful debts	-	-
Total	40	46
Non-Exchange		
Accounts receivable from Non-Exchange Transactions	207	157
Other receivables	-	-
Less allowance for doubtful debts	-	-
Total	207	157

Non-exchange and exchange receivables are non-interest bearing and receipt is normally on 30 day terms. Therefore the carrying value of trade debtors and other receivables approximates its fair value.

7 Financial Instruments

Classification of financial instruments

The carrying amounts presented in the Consolidated Statement of Financial Position relate to the following categories of financial assets and liabilities.

	Group 2019 \$000	Group 2018 \$000
Loans and Receivables		
Cash and cash equivalents	2,354	2,808
Receivables from exchange transactions	35	40
Receivables from Non-exchange transactions	180	137
Total	2,569	2,985
Financial liabilities at amortised cost		
Trade creditors and other payables	180	162
Grants received in advance	340	550
Total	520	712

Notes to the Consolidated Financial Statements
For the year ended 31 December 2019

8 Property, plant and equipment

2019	Mobile Classrooms	Mobile Classrooms under construction (WIP)	Vehicles	Computers	Equipment and Resources	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Cost	7,098	-	526	96	541	8,262
Accumulated Depreciation	(5,667)	-	(400)	(83)	(408)	(6,557)
Net Book Value	1,432	-	127	13	133	1,705

Reconciliation of book value at the beginning of the period

Opening Book Value	1,717	-	146	21	104	1,988
Additions	187	-	45	12	82	326
Transfers from WIP	-	-	-	-	-	-
Disposals	(6)	-	(22)	(4)	(3)	(34)
Current year depreciation expense	(467)	-	(43)	(16)	(49)	(574)
Closing Book Value	1,432	-	127	13	134	1,705

2018	Mobile Classrooms	Mobile Classrooms under construction (WIP)	Vehicles	Computers	Equipment and Resources	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Cost	6,917	-	503	88	463	7,971
Accumulated Depreciation	(5,200)	-	(357)	(67)	(359)	(5,983)
Net Book Value	1,717	-	146	21	104	1,988

9 Intangible assets

2019	Website and Software	Digital Development (WIP)	Total
	\$000	\$000	\$000
Cost	732	-	732
Accumulated Amortisation	(548)	-	(548)
Net Book Value	184	-	184

Reconciliation of book value at the beginning of the period

Opening Book Value	257	-	257
Additions	99	-	99
Transfer from WIP	-	-	-
Disposals	-	-	-
Current year depreciation expense	(172)	-	(172)
Closing Book Value	184	-	184

2018	Website and Software	Digital Development (WIP)	Total
	\$000	\$000	\$000
Cost	633	-	633
Accumulated Amortisation	(376)	-	(376)
Net Book Value	257	-	257

Notes to the Consolidated Financial Statements For the year ended 31 December 2019

10 Operating leases

	Group 2019 \$000	Group 2018 \$000
Non cancellable operating lease payable as follows		
Less than one year	34	33
Between one and five years	130	130
More than five years	95	128
Total	259	291

11 Related party transactions

Key management compensation

The Parent and Group have a related party relationship with its key management personnel. Key management personnel include the Board of Trustees and management.

	Group 2019 \$000	Group 2018 \$000
Key management personnel compensation includes the following expenses:		
Parent governing board and key management	347	331
Number of persons recognised as key management personnel	12	11

12 Contingent assets and contingent liabilities

The Parent and Group have no contingent assets or contingent liabilities. (2018: None)

13 Commitments

The Parent and Group have no commitments. (2018: None)

14 Events after the reporting period

On March 11, 2020 the World Health Organisation characterized the COVID-19 virus as a global pandemic. Shortly following this, The New Zealand Government initiated a full societal lockdown with significant isolation requirements and movement restrictions imposed on citizens. The countrywide lockdown commenced on 26 March 2020, and it is only as of 14 May 2020 when the country began to reopen the majority of its businesses, schools and other public venues.

The countrywide lockdown is expected to have a significant economic impact on New Zealand, with flow through to the organisations financial results considered to be highly likely. Due to the nature of the countrywide lockdown and flow on economic impacts it is not yet practicable to reliably estimate the potential impacts of this pandemic on The Group's prospective financial statements.

Independent Auditor's Report

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To the Trustees of Life Education Trust (NZ) and its controlled Community Trusts

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Life Education Trust (NZ) ('the Trust') on pages 2 to 14 which comprise the statement of consolidated financial position as at 31 December 2019, and the statement of consolidated comprehensive revenue and expenses, statement of consolidated changes in net assets and statement of consolidated 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 present fairly, in all material respects, the financial position of the Trust as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. 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 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 we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Information other than the Financial Statements and Auditor's Report Thereon

The Trustees are responsible for the other information. The other information comprises the Annual report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with

the financial statements 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.

Trustees' Responsibilities for the Consolidated Financial Statements

The Trustees are responsible on behalf of the Group for the preparation and fair presentation of these consolidated financial statements in accordance with Public Benefit Entity International Public Sector Accounting Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board, and for such internal control as those charged with governance 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, those charged with governance are responsible 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 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 (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 the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-7/>

Restriction on use of our report

This report is made solely to the Trustees, as a body. Our audit work has been undertaken so that we might state to the Trustees, as a body those matters which 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 Group and the Trustees, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Partnership



Wellington
5 June 2020