



**Annual Report of the**

**CHRISTCHURCH  
EARTHQUAKE APPEAL TRUST**

**for the year ended 30 June 2018**

This annual report and the audited financial statements are also available at  
[christchurchappealtrust.org.nz](http://christchurchappealtrust.org.nz)

The Christchurch Earthquake Appeal Trust was established on 11 March 2011 to manage money raised by a public appeal to provide relief to the community of Christchurch and the Canterbury region from the adverse effects of the earthquakes of 4 September 2010 and 22 February 2011 and associated aftershocks or earthquakes.

This report is produced by the Christchurch Earthquake Appeal Trust secretariat with costs met by the New Zealand Government through the Department of Internal Affairs.

No appeal donations were used.

The Christchurch Earthquake Appeal Trust is a charitable trust established under the Charities Act, registration number CC46329.

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Christchurch Earthquake Appeal Trust

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## TRUSTEES

The Trustees role is to promote or advance the objects of the Christchurch Earthquake Appeal Trust. The Trustees are appointed by the Crown. Until the Crown decides otherwise, two of the trustees are the holders of the positions of Secretary to the Treasury and Secretary for Internal Affairs.

**Dr Rod Carr** (appointed 6 April 2011) Vice-Chancellor, University of Canterbury

Prior to his appointment as Vice-Chancellor, Dr Rod Carr was managing director of Jade Software Corporation Ltd. His earlier distinguished career in the banking sector has included holding the position of Acting Governor of the Reserve Bank of New Zealand and Senior Executive at the National Australia Bank in Melbourne, Australia. He is a Fellow of the New Zealand Institute of Management and holds directorships of several private and public companies and is a former chair of the Reserve Bank Board of Directors.

**Colin MacDonald** (appointed 16 April 2012, resigned 30 July 2018) Secretary for Internal Affairs

As Secretary for Internal Affairs Colin was also Secretary for Local Government and Government Chief Information Officer. Prior to this, Colin was Chief Executive of Land Information New Zealand (LINZ). Colin has more than 30 years' experience in information technology and general management in both New Zealand and the United Kingdom and was previously Deputy Commissioner Business Development and Systems at Inland Revenue and Chief Operating Officer for the ANZ Banking Group (NZ). Colin resigned as Secretary for Internal Affairs with effect from 30 July 2018.

**Gabriel (Gabs) Makhoul** (appointed 1 June 2011) Secretary to the Treasury

The Treasury is one of the key central agencies of the New Zealand Government, and operates as its chief economic, financial and regulatory advisor. Gabs arrived in New Zealand from the United Kingdom in March 2010 to join Treasury as Deputy Chief Executive. His career in the UK included positions at HM Revenue & Customs, HM Treasury and the Inland Revenue. Gabs has chaired the world's main tax-ruling body at the OECD and was Principal Private Secretary to the UK Chancellor of the Exchequer, Gordon Brown.

## REPORT FROM THE TRUSTEES

The Christchurch Earthquake Appeal Trust (Trust) has allocated over \$120 million<sup>1</sup> to support the Canterbury rebuild. Around \$104 million was raised from the global appeal. This, plus interest, has helped fund over 280 projects and/or activities throughout Canterbury. The majority of the funded projects are now operating for the benefit of the Canterbury community, or in the case of events or interim activities, have fulfilled their objectives to provide relief to the community.

Projects supported by the Trust that were completed during the year were the Christchurch Symphony Orchestra building, the water attractions at the QEII Recreation and Sports Centre, the Sumner Lifeboat slipway, and the Canterbury Yachting facility rebuilding programme. Trust scholarships supported students at the University of Canterbury and the Ara Institute.

The Trust received a Restart the Heart Trust loan repayment of \$500,000. A further repayment is expected later in 2018 when this trust is wound up.

In 2017/18 grant payments of \$9.5 million were made, compared to \$4.4 million in 2016/17. Of the total funding allocated to projects and activities, \$24.4 million (30%) remains to be paid out as at the end of the financial year.

The largest proportion of this amount relates to projects under the \$17.25 million Connecting the City to the Sea project umbrella. Several conceptual plans were identified to provide a stimulus for the development of infrastructure that brings vibrancy to the area and encourages community use. The Trust's commitment to the Connecting the City to the Sea project was made with the understanding that as land use decisions were required, it may take several years before this funding could be applied to projects and activities. It considers that sufficient progress has been made to see this happen in the next two years. The Trustees are now awaiting details of specific projects within the project umbrella.

The Trustees are also considering alternatives for the \$2.8 million allocation to the Canterbury Provincial Chambers restoration now that the Christchurch City Council has deferred this project until at least 2029.

The Trust is no longer actively fundraising. It occasionally receives funds, such as the \$14,000 received in February 2018 from the wind up of the UK Christchurch Earthquake Appeal Trust, and a small donation from a UK church group in June 2018. It continues to receive income from interest on the investment of funds yet to be paid out.

Progress on other projects yet to fully draw down their grants is being closely monitored to ensure that all Trust's funds will be paid out with a view to winding up the Trust in 2021.

The Trustees wish to acknowledge the pro bono services provided by KPMG and Bell Gully during the year. They also wish to recognise the contribution that the volunteers, individuals and organisations have made to the Trust funded projects that were completed this year, and/or to resolving issues that have enabled the remaining projects to move closer to completion.

[Dr Rod Carr](#)

[Colin MacDonald](#)

[Gabriel Makhlouf](#)

*Trustees*

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<sup>1</sup> As the Trust is not registered for GST all amounts given in this Annual Report are presented on this basis.

## FUNDING ALLOCATION

Since 2011 the Trust has directed donations raised by the global appeal across seven portfolio categories as follows.

| Category                     | % of allocated funds | \$million (GST inclusive) |
|------------------------------|----------------------|---------------------------|
| Large Permanent              | 37%                  | 38.0                      |
| Community Permanent          | 1%                   | 1.0                       |
| Economic Revitalisation      | 4%                   | 4.2                       |
| Hardship/Spiritual and Faith | 13%                  | 13.0                      |
| Education/Youth              | 5%                   | 5.1                       |
| Sport and Recreation         | 19%                  | 19.8                      |
| Heritage and Culture         | 21%                  | 22.9                      |
| Environment                  | 0%                   | -                         |
| <b>Total</b>                 | <b>100%</b>          | <b>104.0</b>              |

Note: percentages in the table have been rounded.

## PROJECTS STILL TO BE COMPLETED

| Recipient                              | Portfolio            | Purpose   | Payable as at 30 June 2018 |
|--|----------------------|---|----------------------------|
| Christchurch City Council              | Large Permanent      | Canterbury Provincial Chambers Stone Towers rebuild. Alternative uses for this allocation are under discussion.   | \$2,875,000                |
| Connecting the City to the Sea project | Large Permanent      | Projects to bring life back to the corridor from Te Papa Otakaro/Avon River Precinct at Fitzgerald Avenue through eastern Christchurch to the sea.  | Up to \$17,250,000         |
| Waimakariri District Council           | Large Permanent      | To provide and repair walkways, cycle ways and other public amenities along the Kaiapoi River through Kaiapoi township.   | \$1,088,264                |
| Christchurch City Council              | Sport and Recreation | Replacement grounds for rugby league and for associated infrastructure including a game day administration base. (Ngā Puna Wai)   | \$1,035,000                |
| Surf Life Saving New Zealand for       | Sport and Recreation | Towards the rebuild and long-term repairs of South and New Brighton, and Taylor's Mistake surf life saving club buildings.  | \$862,500                  |
| Coastguard Lyttelton                   | Sport and Recreation | Towards a replacement coastguard facility in Lyttelton.   | \$460,000                  |
| Sports House                           | Sport and Recreation | Towards the fit-out of the Sports House administration hub in the Metro Centre to provide a home for regional sporting organisations displaced by the earthquakes.                              | \$287,500                  |
| Kaiapoi Cure Boating Club              | Sport and Recreation | Towards the repair and rebuild of its earthquake damaged building on the Kaiapoi River.   | \$230,000                  |
| Christchurch City Council              | Sport and Recreation | Toward the purchase of a technology package including scoreboards and timing systems, public address systems and camera facilities to enable the provision of sport at Ngā Puna Wai Sports Hub. | \$230,000                  |
| Oterepo Te Kohangā Reo                 | Education/ Youth     | To build a playground at their new Kohangā Reo, which was demolished subsequent to the earthquakes.   | \$28,750                   |

# Christchurch Earthquake Appeal Trust

## Financial Statements

For the year ended  
30 June 2018

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# Christchurch Earthquake Appeal Trust

## Entity Information

For the year ended  
30 June 2018

|                        |  |
|------------------------|--|
| Legal Name and Entity: | Christchurch Earthquake Appeal Trust.<br>The Trust was established by deed 11 March 2011.<br>It is a registered charity.   |
| Administrative Entity: | The Department of Internal Affairs provides secretariat, advisory and financial services to the Trustees.  |
| Economic Entity:       | The reporting entity is the Christchurch Earthquake Appeal Trust, a registered charity under the Charities Act 2005. The Christchurch Earthquake Appeal Trust is domiciled and operates in New Zealand and is primarily involved in the provision of relief to the community of Christchurch and Canterbury region from the adverse effects of the earthquakes on 22 February 2011 and 4 September 2010. The Trust is a public benefit entity. |
| Registration Number:   | CC46329  |

## Statement of Purpose

### **BACKGROUND:**

The Christchurch Earthquake Appeal Trust (Trust) was established on 11 March 2011 by deed of trust to provide relief to the community of Christchurch and the Canterbury region from the adverse effects of the earthquakes on 22 February 2011 and 4 September 2010 (and associated events, including any aftershocks and earthquakes).

### **PURPOSE OF THE TRUST FUND:**

The Christchurch Earthquake Appeal was set up to complement emergency support provided by other charitable agencies, and core government responsibilities. The Appeal continues to help restore for Christchurch communities, the places and services that make a city worth living in. When the earthquake struck Canterbury, community facilities which took decades of fundraising to put in place, such as sports fields, parks, community buildings and historic buildings, were ruined within hours.

### **OBJECTIVES OF THE TRUST**

- the relief of poverty;
- the advancement of education;
- the advancement of religion;
- the advancement of any other purposes beneficial to the community; and
- the advancement of any other purposes that are charitable under the law of New Zealand.



The Trust Deed anticipates that the Trust's legal life-time will be ten years. The Trust has allocated available funds to portfolios and is no longer receiving requests for funding.

## **STRUCTURE**

### **Trustees**

Trustees are subject to the Trust Deed and the Trustee Act 1956. There are three Trustees. The Trustees are responsible for the allocation of Appeal funds to support earthquake recovery initiatives. The Secretary for Internal Affairs and the Secretary to the Treasury are positions held by the chief executives of those government departments, and are not political appointments.

### **Advisory Board**

The Trustees appointed an Advisory Board of community representatives to provide the Trustees with additional local perspective and advice on specific proposals. The Advisory Board had its last meeting on the 12th of March 2014.

The New Zealand Government lends support by covering the administration costs of the Trust. All money received by the Appeal will be put towards the earthquake recovery effort and will be audited by the New Zealand Public Audit Office for transparency.

## **MAIN SOURCES OF CASH AND RESOURCES**

The Christchurch Earthquake Appeal was launched by Prime Minister John Key on 27 February 2011. The Appeal is the official, global fundraiser for the recovery effort for Christchurch and the Canterbury region. The Trust is responsible for the allocation of the money raised by the Christchurch Earthquake Appeal to support earthquake recovery initiatives. Income is earned on the investment of funds in accordance with Trust Deed.

## **MAIN METHODS USED TO RAISE FUNDS**

Public donations.

# Christchurch Earthquake Appeal Trust

## Statement of Responsibility

For the year ended  
30 June 2018

The Trustees are responsible for the preparation and presentation of the Christchurch Earthquake Appeal Trust's financial statements and the judgements made in them.

The Trustees have the responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the Trust's opinion, these financial statements fairly reflect the financial position and operations of the Christchurch Earthquake Appeal Trust for the year ended 30 June 2018.

Signed on behalf of the Trust:



**Dr Rod Carr**  
Trustee



**Gabriel Makhoulf**  
Trustee

Date: 14 September 2018

# Christchurch Earthquake Appeal Trust

## Statement of Financial Position

As at  
30 June 2018

|   | Note | Actual<br>2018<br>\$ | Actual<br>2017<br>\$ |
|---|------|----------------------|----------------------|
| <b>Assets</b>   |      |                      |                      |
| <b>Current Assets</b>   |      |                      |                      |
| Bank accounts and call deposits                                       |      | 5,057,406            | 6,146,308            |
| Short term bank term deposits   | 6    | 20,000,000           | 27,000,000           |
| Accrued interest  |      | 472,838              | 364,678              |
| <b>Total Current Assets</b>   |      | <b>25,530,244</b>    | <b>33,510,986</b>    |
| <b>Non-Current Assets</b>   |      |                      |                      |
| Loans and advances  | 7    | 1,200,000            | 2,200,000            |
| <b>Total Assets</b>   |      | <b>26,730,244</b>    | <b>35,710,986</b>    |
| <b>Liabilities</b>  |      |                      |                      |
| <b>Current Liabilities</b>  |      |                      |                      |
| Grants payable  | 8    | 24,347,015           | 33,926,962           |
| <b>Total Current Liabilities</b>                                      |      | <b>24,347,015</b>    | <b>33,926,962</b>    |
| <b>Non-Current Liabilities</b>  |      | -                    | -                    |
| <b>Total Liabilities</b>  |      | <b>24,347,015</b>    | <b>33,926,962</b>    |
| <b>Total Assets less Total Liabilities (Net Equity)</b>               |      | <b>2,383,229</b>     | <b>1,784,024</b>     |
| <b>Equity</b>   |      |                      |                      |
| Contributed Capital   |      | 1                    | 1                    |
| Accumulated comprehensive revenue<br>and expense - Unrestricted Funds |      | 2,383,228            | 1,784,023            |
| <b>Total Equity</b>   |      | <b>2,383,229</b>     | <b>1,784,024</b>     |

*The notes form an integral part of, and should be read in conjunction with, these financial statements.*

# Christchurch Earthquake Appeal Trust

## Statement of Comprehensive Revenue and Expense

For the year ended  
30 June 2018

|   | Note | Actual<br>2018<br>\$ | Actual<br>2017<br>\$ |
|---|------|----------------------|----------------------|
| <b>Revenue</b>  |      |                      |                      |
| Donations   |      | 15,495               | 204,514              |
| Interest  | 4    | 1,056,050            | 1,082,343            |
| Write back provision for doubtful debts                             |      | 500,000              | -                    |
| Grants refunded/cancelled   |      | 27,710               | -                    |
| <b>Total Revenue</b>  |      | <b>1,599,255</b>     | <b>1,286,857</b>     |
| <b>Expenses</b>   |      |                      |                      |
| Grants approved during the period                                   |      | -                    | 217,894              |
| Bank fees   |      | 50                   | 55                   |
| Amortisation of advance   | 7    | 1,000,000            | 600,000              |
| <b>Total Expenses</b>   |      | <b>1,000,050</b>     | <b>817,949</b>       |
| <b>Surplus for the period</b>                                       |      | <b>599,205</b>       | <b>468,908</b>       |
| <b>Other Comprehensive Revenue and Expense</b>                      |      |                      |                      |
| <i><b>Donated Goods and Services</b></i>                            |      |                      |                      |
| Administration costs funded by the Government                       |      | 67,000               | 89,273               |
| Donation of goods and services                                      |      | 23,599               | 40,424               |
| <b>Total Donated Goods and Services</b>                             | 5    | 90,599               | 129,697              |
| <i><b>Administration costs of the Trust</b></i>                     |      |                      |                      |
| Administration costs provided by the Department of Internal Affairs |      | (67,000)             | (89,273)             |
| Administration expenses   |      | (23,599)             | (40,424)             |
| <b>Total Administration costs</b>                                   |      | <b>(90,599)</b>      | <b>(129,697)</b>     |
| <b>Deficit from the Administration of the Trust</b>                 |      | -                    | -                    |
| <b>Total comprehensive revenue and expense for the period</b>       |      | <b>599,205</b>       | <b>468,908</b>       |

The notes form an integral part of, and should be read in conjunction with, these financial statements.

# Christchurch Earthquake Appeal Trust

## Statement of Changes in Equity

For the year ended  
30 June 2018

|   | Actual<br>2018<br>\$ | Actual<br>2017<br>\$ |
|---|----------------------|----------------------|
| Opening Equity  | 1,784,024            | 1,315,116            |
| Net comprehensive revenue and expense for the period    | 599,205              | 468,908              |
| <b>Closing Equity</b>                                   | <b>2,383,229</b>     | <b>1,784,024</b>     |
| <b>Comprising:</b>                                      |                      |                      |
| Capital Fund  | 1                    | 1                    |
| Accumulated Funds - Unrestricted Funds                  | 2,383,228            | 1,784,023            |
| <b>Total Equity per Statement of Financial Position</b> | <b>2,383,229</b>     | <b>1,784,024</b>     |
|   | Actual<br>2018<br>\$ | Actual<br>2017<br>\$ |
| <b>Movements in Equity</b>                              |                      |                      |
| <b>Closing Equity</b>                                   | <b>2,383,229</b>     | <b>1,784,024</b>     |
| Represented by:   |                      |                      |
| <b>Capital</b>  |                      |                      |
| Opening balance   | 1                    | 1                    |
| Closing balance   | 1                    | 1                    |
| <b>Accumulated Funds</b>                                |                      |                      |
| Opening balance   | 1,784,023            | 1,315,115            |
| Net comprehensive revenue and expense for the period    | 599,205              | 468,908              |
| Closing balance   | <b>2,383,228</b>     | <b>1,784,023</b>     |
| <b>Total Equity as at 30 June</b>                       | <b>2,383,229</b>     | <b>1,784,024</b>     |

*The notes form an integral part of, and should be read in conjunction with, these financial statements.*

# Christchurch Earthquake Appeal Trust

## Statement of Cash Flows

For the year ended  
30 June 2018

|   | Note | Actual<br>2018<br>\$ | Actual<br>2017<br>\$ |
|---|------|----------------------|----------------------|
| <b>Cash Flows from Operating Activities</b>                   |      |                      |                      |
| <b>Cash was provided from:</b>                                |      |                      |                      |
| Interest received   |      | 947,890              | 1,248,544            |
| Donations received  |      | 15,495               | 1,204,514            |
| <b>Cash was disbursed to:</b>                                 |      |                      |                      |
| Grants paid   |      | 9,552,237            | 4,484,905            |
| Bank fees and bank audit confirmation report                  |      | 50                   | 55                   |
| <b>Net Cash Flows from Operating Activities</b>               | 9    | <b>(8,588,902)</b>   | <b>(2,031,902)</b>   |
| <b>Cash flows from Investing and Financing Activities</b>     |      |                      |                      |
| <b>Cash was provided from:</b>                                |      |                      |                      |
| Proceeds from maturity of investments                         |      | 27,000,000           | 40,100,000           |
| Receipts from Restart The Heart Trust                         |      | 500,000              | -                    |
| <b>Cash was disbursed to:</b>                                 |      |                      |                      |
| Purchase of investments                                       |      | 20,000,000           | 34,300,000           |
| <b>Net Cash Flows from Investing and Financing Activities</b> |      | <b>7,500,000</b>     | <b>5,800,000</b>     |
| <b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>   |      | <b>(1,088,902)</b>   | <b>3,768,098</b>     |
| <b>Opening Cash and Cash Equivalents</b>                      |      | <b>6,146,308</b>     | <b>2,378,210</b>     |
| <b>Closing Cash and Cash Equivalents</b>                      |      | <b>5,057,406</b>     | <b>6,146,308</b>     |
| <b>Comprising of:</b>   |      |                      |                      |
| Bank accounts and call deposits                               |      | 5,057,406            | 6,146,308            |
| <b>Total Cash and Cash Equivalents</b>                        |      | <b>5,057,406</b>     | <b>6,146,308</b>     |

*The notes form an integral part of, and should be read in conjunction with, these financial statements.*

# Christchurch Earthquake Appeal Trust

## Statement of Accounting Policies

For the year ended  
30 June 2018

### Note 1 : Statement of Accounting Policies

#### Reporting entity

The reporting entity is the Christchurch Earthquake Appeal Trust, a registered charity under the Charities Act 2005. The Trust is domiciled and operates in New Zealand and is primarily involved in the provision of relief to the community of Christchurch and Canterbury region from the adverse effects of the earthquakes on 22 February 2011 and 4 September 2010. The Trust is a Public Benefit Entity (PBE).

#### Reporting Period

The financial statements for the year ended 30 June 2018 were approved and authorised for issue by the Trustees on 14 September 2018.

### Note 2 : Basis of Preparation

#### Statement of Compliance

The Christchurch Earthquake Appeal Trust is a public benefit entity (PBE). The Trust has elected to apply Tier 2 PBE Accounting Standards on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$30 million. The financial statements comply with New Zealand generally accepted accounting practice and are prepared in accordance with and comply with Tier 2 Public Benefit Entity (PBE) accounting standards. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared on the assumption that the entity will continue to operate in the foreseeable future.

#### Measurement Base

The financial statements have been prepared on an historical cost basis.

#### Functional and presentation currency

These financial statements are presented in New Zealand dollars (\$). The functional currency is New Zealand dollars. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

#### Changes in Accounting Policies

There have been no changes in accounting policies during the financial year (2017: nil).

#### Critical Accounting Judgements and Estimates

The preparation of financial statements in conformity with Tier 2 PBE accounting standards requires

judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an on-going basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if revision affects both current and future periods.

#### **Comparatives**

When presentation or classification of items in the financial statements is amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

### **Note 3 : Significant Accounting Policies**

The following particular accounting policies which materially affect the measurement of financial performance and financial position have been applied.

#### **Revenue**

The Trust derived income from public donations and interest on bank balances and short-term investments. Interest income is recognised when earned and is reported in the period to which it relates. Interest income is recognised in the surplus/(deficit) as it accrues, using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period, to the next carrying amount of the financial asset. Revenue from public donations and pledges is deemed to be non-exchange revenue as per the definition in the new PBE standard IPSAS 23. Donations are recognised as revenue upon receipt and include donations from the public, donations received for specific programmes or services and donated goods in-kind. Donations in-kind include donations received for professional services and are recognised as both revenue and an expense when the goods are received. Donations in-kind are measured at their fair value as at the date of acquisition, ascertained by reference to the expected cost that would otherwise be incurred by the charity. Revenue from direct investment of funds with banks is deemed to be exchange revenue as per the definition in the new PBE standard IPSAS 9.

#### **Expenditure**

Grants are recognised as expenditure when approved by the Trustees. The Crown fund the Department of Internal Affairs to provide administrative services to the Trust. Any reimbursement of costs incurred by the Trust are treated as donation of goods and services and reported as such in the Statement of Comprehensive Income.

#### **Taxation**

The Trust is exempt from income tax under section CW 42(1) (a) of the Income Tax Act 2007. The Trust has been granted tax exempt status and is registered as a Charity under the Charities Act 2005. The Trust holds a certificate of exemption from Resident Withholding Tax.



### **Goods and Services Tax (GST)**

The Christchurch Earthquake Appeal Trust is not registered for GST, therefore amounts recorded in the financial statements are inclusive of GST (if any).

### **Accounts Receivable**

Accounts receivable are stated at their expected realisable value after providing for doubtful and uncollectible debts.

### **Financial Instruments**

Non-derivative financial instruments comprise investments in cash and cash equivalents, trade receivables, trade and other payables and other liabilities.

Financial assets and financial liabilities are measured at fair value plus transaction costs. Any profits or loss from the financial transaction are recognised in the Statement of Comprehensive Revenue and Expense.

### **Cash and Cash Equivalents**

The Trust treats cash and cash equivalents based on the term of the term deposit, not term to maturity from balance date. Cash and cash equivalents includes cash on hand, cash in transit, deposits held on call with banks and other short-term, highly liquid investments, with maturities of three months or less. The carrying value of these assets approximates their fair value.

### **Impairment of Financial Assets**

Financial assets are assessed for indicators of impairment at the end of each reporting period. They are impaired where there is objective evidence that the estimated future cash flows have been impacted. Objective evidence could include:

- Significant financial difficulty of the counterparty;
- Default or late payments; or
- It becoming probable that the counterparty will enter bankruptcy or financial re-organisation.

The recoverable amount of the Trust's receivables carried at amortised cost is calculated at the present value of estimated future cash flows, discounted at the original effective interest rate. Impairment being the difference between carrying amount and recoverable amount, is recognised in the Statement of Comprehensive Revenue and Expense.

Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual instruments that are considered significant are subject to this approach.

### **Grants Payable**

Grants approved by the Trustees in the financial period are recognised as an expense in the Statement of Comprehensive Revenue and Expenses when approved by the Trustees.

### **Loans and Advances**

The Trustees have the expectation that the grants paid in advance will be written down over the period of the agreement as certain covenants are met. Accordingly these amounts are adjusted to reflect the fair value.

# Christchurch Earthquake Appeal Trust

## Notes to the Performance Report

For the year ended  
30 June 2018

### Note 4 : Analysis of Revenue

|                               |                          | 2018             | 2017             |
|-------------------------------|--------------------------|------------------|------------------|
| <b>Revenue Item</b>           |                          | \$               | \$               |
| Interest revenue              | Call and Cheque Accounts | 120,079          | 143,369          |
|                               | Short-term investments   | 935,971          | 938,974          |
| <b>Total Interest Revenue</b> |                          | <b>1,056,050</b> | <b>1,082,343</b> |

### Note 5 : Donated Goods and Services

|   |   | 2018          | 2017           |
|---|---|---------------|----------------|
| <b>Expense Item</b>   |   | \$            | \$             |
| The administrative costs comprise of donated goods and services | Department of Internal Affairs (by appropriation) | 67,000        | 89,273         |
|   | KPMG - Audit                                      | 20,000        | 20,000         |
|   | Bell Gully  | 3,599         | 20,424         |
| <b>Total Administrative Costs</b>                               |   | <b>90,599</b> | <b>129,697</b> |

The Department of Internal Affairs has an obligation to provide administrative and accounting services to the Trust. The value of this support is assessed as shown above.

KPMG have audited the accounts on a pro-bono basis as agreed with the Office of the Auditor General.

Bell Gully legal services were provided on a pro-bono basis.

### Note 6: Bank Term Deposits

|   |          | 2018              | 2017              |
|---|----------|-------------------|-------------------|
| <b>Asset Item</b>                                 |          | \$                | \$                |
| Terms = original maturity date over 90 days       | BNZ      | 9,000,000         | 13,000,000        |
|   | Kiwibank | 6,000,000         | 4,000,000         |
|   | ANZ      | 5,000,000         | 4,000,000         |
|   | ASB      | -                 | 6,000,000         |
| <b>Total Term Deposits - greater than 90 days</b> |          | <b>20,000,000</b> | <b>27,000,000</b> |

For term deposits with terms of greater than 90 days, the terms were 365 days (2017: 114 - 365 days). The interest rates range from 3.53% - 3.85% (2017: 3.10% - 3.65%).

### Note 7 : Advances

| Asset Item |                                   | 2018             | 2017             |
|------------|-----------------------------------|------------------|------------------|
|            |                                   | \$               | \$               |
| Advances   | Advances                          | 2,605,108        | 4,105,108        |
|            | Less provision for doubtful debts | (1,405,108)      | (1,905,108)      |
|            | <b>Total Advances</b>             | <b>1,200,000</b> | <b>2,200,000</b> |

The value of the amount advanced to Restart the Heart Trust has been adjusted to reflect the fair value on a discounted basis. The Trustees have given consent for Restart the Heart Trust to wind up. A final payment is to be made to the Christchurch Earthquake Appeal Trust which will represent the remaining funds held by Restart the Heart Trust after final costs have been met.

The Trustees had the expectation that the \$5m advanced to Christchurch Stadium Trust would be written off over a period of five years, assuming certain covenants were met. In financial year 2018 these covenants were met, accordingly a final \$1,000,000 was amortised through profit and loss. (In financial year 2017 the covenants were not met, accordingly no amount was amortised through profit and loss).

The Trustees have the expectation that the \$3m advanced to Canterbury Cricket Trust relating to a pavilion for Hagley Oval will be written off over a period of five years, assuming certain covenants are met. In Financial Year 2018 these covenants were not met, accordingly no amount has been amortised through profit and loss. (In financial year 2017 the covenants were met, accordingly \$600,000 was amortised through profit and loss).

### Note 8 : Grants Payable

|  | Actual            | Actual            |
|--|-------------------|-------------------|
|  | 2018              | 2017              |
|  | \$                | \$                |
| Connecting the City to the Sea   | 17,250,000        | 17,250,000        |
| Water Attractions for Sport & Recreation Facility in North Eastern suburbs | -                 | 7,475,000         |
| Canterbury Provincial Council Building                                     | 2,875,000         | 2,875,000         |
| Kaiapoi Riverbanks   | 1,088,265         | 1,509,551         |
| Christchurch Symphony Orchestra  | -                 | 1,437,500         |
| Surf Life Saving New Zealand   | 862,500           | 862,500           |
| Rugby League at Ngā Puna Wai   | 1,035,000         | 1,035,000         |
| Other Grants approved  | 1,236,250         | 1,482,411         |
| <b>Total Grants Payable</b>  | <b>24,347,015</b> | <b>33,926,962</b> |

# Christchurch Earthquake Appeal Trust

## Notes to the Performance Report

For the year ended  
30 June 2018

### Note 9 : Reconciliation of Net Cash Flows from Operating Activities with Total Comprehensive Revenue and Expense

|   | 2018               | 2017               |
|---|--------------------|--------------------|
|   | \$                 | \$                 |
| Reported comprehensive revenue and expense          | 599,205            | 468,908            |
| Adjustment for fair value adjustment of advances    | (500,000)          | -                  |
| Adjustments for movements in working capital items: |                    |                    |
| (Increase)/Decrease in accrued interest             | (108,160)          | 166,201            |
| Decrease in accounts receivable                     | -                  | 1,000,000          |
| (Decrease) in grants payable                        | (9,579,947)        | (4,267,011)        |
| Decrease in loans and advances                      | 1,000,000          | 600,000            |
| <b>Net Cash Flows from Operating Activities</b>     | <b>(8,588,902)</b> | <b>(2,031,902)</b> |

### Note 10 : Financial Risk Management

All assets of the Trust are classified as Loans and Receivable and the carrying values are equal to the fair values. All Liabilities are classified as Financial Liabilities at amortised cost and the carrying values are equal to their fair values.

#### Off Balance Sheet Exposure

The Trust had no off balance sheet exposure at 30 June 2018 (2017: nil).

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The cash flow risk is managed by maintaining the majority of the interest bearing instruments at fixed rates. The term deposits are made for varying periods depending on the cash requirements of the Trust and earn interest at the respective short term deposit rates. The Board does not consider that there is significant interest rate risk exposure on the Trust's investments.

#### Foreign Currency Risk

All grants are paid in New Zealand currency. Any donations received in a foreign currency are translated to New Zealand dollars on the date of receipt. Any currency movement would have no effect on the Trust.

**Fair Value**

All current financial instruments recognised in the statement of financial position are stated at carrying amounts that are also a reasonable approximation of their fair values.

**Credit Risk**

Credit risk is the risk that a third party will default on its obligation causing a loss.

Credit risk is reduced by investing only in New Zealand registered trading banks under the Reserve Bank of New Zealand Act 1989.

**Liquidity Risk**

In meeting its liquidity requirements, the Christchurch Earthquake Appeal Trust maintains a target level of investments that must mature within specified timeframes to meet projected grants.

**Note 11 : Related Party Transactions and Key Management Personnel**

All transactions were carried out on an arm's length basis. There were no related party transactions entered into during the year to 30 June 2018.

The key management personnel are the three Trustees and members of the Advisory Board. No fees have been paid to these members during the year.

**Note 12 : Commitments**

There were no commitments as at 30 June 2018 (2017: nil).

**Note 13 : Contingent Assets - Pledged Donations**

There were no contingent assets for pledged donations at 30 June 2018 (2017: nil).

**Note 14 : Contingent Liabilities and Guarantees**

There were no contingent liabilities or guarantees as at 30 June 2018 (2017: nil).

**Note 15 : Events After the Balance Date**

There were no events that have occurred after the balance date that would have a material impact on the Performance Report.



**INDEPENDENT AUDITOR'S REPORT**  
**TO THE READERS OF CHRISTCHURCH EARTHQUAKE APPEAL TRUST'S FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

The Auditor-General is the auditor of Christchurch Earthquake Appeal Trust (the Trust). The Auditor-General has appointed me, Graeme Edwards, using the staff and resources of KPMG, to carry out the audit of the financial statements of the Trust on his behalf.

**Opinion**

We have audited the financial statements of the Trust on pages 9 to 19, that comprise the statement of financial position as at 30 June 2018, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion, the financial statements of the Trust on pages 9 to 19:

- present fairly, in all material respects:
  - its financial position as at 30 June 2018; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards with disclosure concessions.

Our audit was completed on 14 September 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

**Basis for our opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

**Responsibilities of the Trustees for the financial statements**

The Trustees are responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Trustees are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Trustees intend to wind-up the Trust or to cease operations, or have no realistic alternative but to do so.

The Trustees' responsibilities arise from clause 17.4 of the Trust Deed.

### **Responsibilities of the auditor for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the 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 carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

### **Other information**

The Trustees are responsible for the other information. The other information comprises the information included on pages 1 to 8, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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. In doing so, we 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 our work, 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.

### **Independence**

We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

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



Graeme Edwards  
KPMG  
On behalf of the Auditor-General  
Wellington, New Zealand