KPMG

TECT Consumer Trust

Financial Statements
for the year ended 31 March 2024

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as at 31 March 2024

Trustees	W Holland, Chairperson M Arundel, Deputy Chairperson P Blackwell P Farmer R Gemming K Barry-Piceno
Chief Executive	W A Werder
Address	The Kollective Historic Village 145 Seventeenth Avenue Tauranga
Accountants	KPMG Level 2 247 Cameron Road Tauranga
Solicitors	Sharp Tudhope Tauranga

Trustees Financial Statements

The Trustees are pleased to present the approved financial statements including historical financial statements of TECT Consumer Trust for the year ended 31 March 2024.

Trustee MARK ARNOLD

Trustee RACHAEL GEMMING

Dated this 27th day of June 2024

Statement of profit or loss and other comprehensive income

for the year ended 31 March 2024

	Notes	2024 $	2023 $
Continuing operations			
Revenue			
Finance income	3	17,489,789	15,564,770
Other income		2,695	114,245
Total revenue		17,492,484	15,679,015
Expenses			
Administration expenses	4	442,338	465,361
Finance expenses	5	6,960	9,416,065
Total expenses		449,298	9,881,426
Profit before tax, and gain on sale of shares		17,043,186	5,797,588
Gain on sale of shares in subsidary	6	-	683,270,907
		-	683,270,907
Profit before taxation		17,043,186	689,068,496
Tax expense	7	4,858,158	5,061,487
Net profit/(loss) for the year		12,185,028	684,007,009
Other comprehensive income			
Fair value gain/(loss) on investments		-	1,714
Total other comprehensive income		-	1,714
Total comprehensive income/(loss) for the year		**12,185,028**	**684,008,723**

Statement of changes in equity

for the year ended 31 March 2024

	Notes	2024 $	2023 $
Trust Equity at start of year		1,277,592	197,757,914
Total comprehensive income/(loss) for the year		12,185,028	684,008,723
Distributions written back		-	200,000
Grant reserves distributed	10	-	(4,236,238)
TECT Community Trust settlement	2	-	(523,447,114)
Rebate obligation	9	-	(353,005,695)
Trust Equity at end of year	2	**13,462,620**	**1,277,592**

Statement of financial position

as at 31 March 2024

	Notes	2024 $	2023 $
Current assets			
Cash and cash equivalents		453,533	321,273
Trade and other receivables	12	4,695,440	4,775,363
TECT Community Trust Loan receivable	11	15,378,942	15,856,140
Total current assets		20,527,914	20,952,776
Non-current assets			
TECT Community Trust Loan receivable	11	312,026,770	323,867,846
Deferred tax	7	4,620	3,135
Total non-current assets		312,031,390	323,870,981
Total assets		**332,559,304**	**344,823,757**
Current liabilities			
Trade and other payables	13	95,833	65,519
Provision for taxation	7	4,859,643	4,819,559
Accrued expenses		14,000	9,500
Provision for distributions	8	99,734	102,772
Rebate obligation	9	12,888,393	14,311,763
Total current liabilities		17,957,603	19,309,113
Non-current liabilities			
Rebate obligation	9	301,139,084	324,237,053
Total non-current liabilities		301,139,084	324,237,053
Total liabilities		**319,096,688**	**343,546,166**
Net assets		**13,462,620**	**1,277,592**
Equity			
Accumulated profits	2	13,462,620	1,277,592
Total equity		**13,462,620**	**1,277,592**

Statement of Cash Flows

for the year ended 31 March 2024

	2024 $	2023 $
Cash flows from operating activities		
Interest, dividends and other investment receipts	15,127,687	10,790,020
Cash received from other operating activities	2,695	112,531
Payments to suppliers and Trustees	(414,484)	(905,800)
Taxes paid	(4,857,046)	(613)
Net cash from operating activities	9,858,853	9,996,138
Cash flows from investing activities		
Proceeds from sale of investments	-	709,971,663
Loans (repaid)/issued	12,318,274	(168,872,462)
Disposal of property, plant and equipment	-	47,838
TECT Community Trust Settlement	-	(526,546,435)
Net cash from investing activities	12,318,274	14,600,604
Cash flows from financing activities		
Payments to consumers (including grants)	(22,044,865)	(25,500,884)
Net cash from financing activities	(22,044,865)	(25,500,884)
Net (decrease)/increase	132,262	(904,142)
Opening cash and cash equivalents	321,273	1,225,417
Closing cash and cash equivalents	453,533	321,273
Made up of:		
Bank balances	453,533	321,273
Total cash and cash equivalents	453,533	321,273

Notes to the financial statements

for the year ended 31 March 2024

1 REPORTING ENTITY

TECT Consumer Trust is a trust formed and domiciled in New Zealand at 145 Seventeenth Avenue, Tauranga. As required by its Trust Deed, TECT Consumer Trust complies with the financial reporting requirements of the Financial Reporting Act 2013.

Background

The TECT Consumer Trust was established under a Trust Deed on 21 December 1993 as a consequence of the Tauranga Electric Power Board's Establishment Plan.

TECT Consumer Trust is a Consumer Trust, the income and capital of which are to be used to provide benefits to Consumers who were Trustpower customers in the area as defined in the Trust Deed (being the area supplied by the Tauranga Electric Power Board as at 21 December 1993 subsequently amended to include the Tauranga district area previously supplied by Tauranga Electricity Limited).

The Trustees of the Trust shall at any time be those same persons who are validly elected, or appointed, and continuing in the office of a TECT Community Trust Trustee pursuant to the TECT Community Trust Deed at any time.

Restructure Effect on TECT Consumer Trust:

Following consultation with Consumers, the Trustees agreed to proceed with changes to the structure of TECT Consumer Trust. On 14 May 2021, the Trustees filed an application in the High Court seeking an order under the Trusts Act 2019 that it is lawful and proper for the Trustees to implement the proposed changes to TECT Consumer Trust.

On 23 February 2022, TECT Consumer Trust received Sealed Orders for its proposed restructure which signalled the completion of the High Court process. The restructure and the applicable entries took place in the 2023 financial year.

The new structure balances protecting the annual rebate for existing beneficiaries, and the purpose TECT was established for; to provide long-term benefit for all the residents and communities of Tauranga and Western Bay.

The intended purpose of the TECT Consumer Trust is to service long term rebate obligations for existing consumers. This rebate obligation will be funded from interest and principal repayments on the advance to TECT Community Trust.

Basis of Preparation

Measurement Base

The accounting principles recognised for the measurement and reporting of financial performance and financial position are on an historical cost basis, or as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below.

The information has been presented in New Zealand dollars, which is also the functional currency of the Trust, rounded to the nearest dollar.

Notes to the financial statements

for the year ended 31 March 2024

Statement of Compliance

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalent to International Financial Reporting Standards - Reduced Disclosure Regime ("NZ IFRS RDR") as appropriate for profit oriented entities. Trustees have determined that TECT Consumer Trust does not meet the definition of a public benefit entity. This is because the majority of distributions are in the form of financial returns to beneficiaries. In addition, TECT Consumer Trust's Trust Deed defines 'Consumers' very strictly and therefore limits benefits to a very specific and narrow section of the public. For this purpose the Trust has designated itself as 'profit oriented'.

Application of the Reduced Disclosure Regime

TECT Consumer Trust, has previously elected to report under NZ IFRS. TECT Consumer Trust has adopted the Reduced Disclosure Regime (RDR) applicable for Tier 2 entities. This has resulted in a reduction of disclosures for items such as financial instruments, reconciliation of net cash flow from operating activities to profit and loss in the Statement of Cash Flows and disclosure of accounting policies not yet effective and not early adopted. Since the RDR changes only impact presentation aspects, there is no impact on comprehensive income.

There has been a change in accounting polcies applied in the 2024 year regarding the rebate obligation - refer to note 9. All other accounting policies have been consistently applied by TECT Consumer Trust for all periods covered by these financial statements.

Use of Estimates and Judgements

The preparation of the financial statements in conformity with NZ IFRS requires the use of certain critical accounting estimates. It also requires Trustees to exercise their judgement in the process of applying the accounting policies. In making these judgements, estimates and assumptions concerning the future are made. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

- Rebate Obligation

NZ IFRS requires that if there is a change in the timing or amount of estimated cash flows, then the gross carrying amount of the amortised cost of the rebate obligation is adjusted in the period of change to reflect the actual and revised estimated cash flows. This requires Trustees to make judgements based on a range of assumptions - refer note 9. Trustees must apply judgement in assessing likely outcomes.

- Impairment of Assets

NZ IFRS requires that assets are carried at no more than their recoverable amount. This requires Trustees to make judgements regarding amounts recoverable and provisions for impairment. Trustees must apply judgements in assessing likely outcomes.

Status of Accounting Standards

There were no new standards or interpretation issued that were mandatory for the current reporting period. As a result there were no changes in these financial statements as a result of adopting the new Accounting Standards. Other issued standards and amendments that are not yet effective are not expected to have an impact on the financial statements.

Significant Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied consistently to all periods presented in the financial statements and consistently by the Trust.

Notes to the financial statements

for the year ended 31 March 2024

Taxation

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Goods and Services Tax

These financial statements have been prepared on a GST exclusive basis. TECT Consumer Trust is registered for GST and GST payable or receivable by these entities are shown in the Statement of Financial Position. Accounts receivable and payable are shown inclusive of GST.

Financial Instruments

Financial instruments are recognised in the Statement of Financial Position when the TECT Consumer Trust becomes party to a financial contract. They include cash balances, bank overdrafts, receivables, payables, investments in and loans to others, and term borrowings.

Receivables and Payables

Receivables and payables are initially recorded at fair value. Subsequently they are measured at amortised cost using the effective interest method less provision for impairment.

All other financial instruments are shown at values equivalent to their fair values, excluding the rebate obligation which is recorded at amortised cost.

Financial Liabilities

TECT Consumer Trust derecognises a financial liability when its contractual obligations financial liability when its contractual obligations are discharged or cancelled, or expire. TECT Consumer Trust also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Revenue

Revenue comprises interest income on funds invested in financial assets, distributions received and other income.

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance Expenses

Finance expenses comprise interest expense on borrowings and are recognised in profit or loss.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, current accounts, deposits held at call with banks and other short-term liquid assets of less than 90 days not forming part of the investment portfolio.

Notes to the financial statements

for the year ended 31 March 2024

Impairment of Assets

The carrying amounts of assets other than those at fair value through profit or loss are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the assets' recoverable amount is estimated. If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in profit or loss.

Estimated recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at their original effective interest rate. Receivables with a short duration are not discounted.

Provisions

A provision is recognised if, as a result of a past event, the Trust has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions represent expected future cash flows at the pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

Notes to the financial statements

for the year ended 31 March 2024

2 EQUITY

	2024	2023
Accumulated Final Surpluses	$	$
Balance at beginning of year	1,277,593	193,628,577
Total surplus (loss) after taxation	12,185,028	684,007,009
Consumer distributions/grants written back	-	200,000
	13,462,620	877,835,586
TECT Community Trust settlement	-	(523,447,114)
Recognition of initial rebate obligation	-	(353,005,695)
Transfer realised loss from Fair Value Reserve	-	(105,185)
Balance at end of year	13,462,620	1,277,593
Fair Value Reserve		
Balance at beginning of year	-	(106,899)
Current year revaluation of investments	-	1,714
Transfer realised loss on investments to Accumulated Profits	-	105,185
Balance at end of year	-	-
Reserves for Distribution		
Balance at beginning of year	-	4,236,238
TECT Community Trust settlement	-	(4,236,238)
	-	-
Closing balance	-	-
TOTAL TRUST EQUITY	**13,462,620**	**1,277,592**

3 FINANCE INCOME

	2024	2023
	$	$
Interest	15,009,058	15,564,770
Effective interest adjustment - Rebate obligation	2,479,512	-
	17,488,570	15,564,770

4 ADMINISTRATION EXPENSES

	2024	2023
	$	$
Audit fees	11,875	13,105
Management fees incurred	252,753	250,000
Rebate distribution costs	145,533	179,950
Other administration expenses	32,178	22,305
	442,338	465,361

5 FINANCE EXPENSES

	2024	2023
	$	$
Effective interest adjustment - Rebate obligation	-	9,396,193
Other finance expenses	6,960	19,872
	6,960	9,416,065

6 GAIN ON SALE OF SHARES IN SUBSIDARY

In the 2023 financial year, there was a gain on sale of shares as a result of the TECT restructure of $683,270,907. There has been no subsequent sale of shares in the 2024 year.

Notes to the financial statements

for the year ended 31 March 2024

7 TAXATION

Tax recognised in profit or loss		2024 $	2023 $
Profit/(Loss) before taxation		17,043,186	689,068,496
Add	Non-deductible expenses	160,713	9,500,237
	Timing difference for tax	4,500	9,500
		17,208,399	**698,578,233**
Less	Non-assessable income	(2,482,207)	(683,270,907)
	Losses brought forward	-	(702,601)
Taxable income/(loss)		**14,726,192**	**14,604,724**
Current tax charge		4,859,643	4,819,559
Income tax expense/(benefit)		**4,859,643**	**4,819,559**
Tax expense comprises			
Current tax		4,859,643	4,819,559
Deferred tax		(1,485)	241,928
Tax expense per Statement of Comprehensive Income		**4,858,158**	**5,061,487**

TECT Consumer Trust is a Trust and pays tax at 33%.

Deferred Tax Asset/(Liability)

Deferred tax shown in the Statement of Financial Position arises from revaluation of financial instruments to fair value.

	2024 $	2023 $
Opening deferred tax	3,135	245,062
Deferred tax adjustments through profit or loss		
Deferred tax on tax losses	-	(231,858)
Fair value interest adjustment	-	(13,204)
Deferred tax on accrued expenses	1,485	3,135
Closing deferred tax	**4,620**	**3,135**

Deferred tax assets and liabilities are attributable to the following:

2024	Assets	Liabilities	Net
Tax losses	-	-	-
Loans and receivables	4,620	-	4,620
Tax assets (liabilities)	4,620	-	4,620
Net tax assets (liabilities)	**4,620**	**-**	**4,620**

2023	Assets	Liabilities	Net
Tax losses	-	-	-
Loans and receivables	3,135	-	3,135
Tax assets (liabilities)	3,135	-	3,135
Net tax assets (liabilities)	**3,135**	**-**	**3,135**

Notes to the financial statements

for the year ended 31 March 2024

8 PROVISION FOR DISTRIBUTIONS

	2024 $	2023 $
Balance at beginning of year	102,772	1,950,584
TECT Community Trust settlement	-	(1,443,750)
Less distributions written back	-	(200,000)
	102,772	306,834
Less distributions paid	(3,040)	(204,064)
Balance at end of year	**99,734**	**102,772**
Distributions not yet uplifted		
Direct consumer distributions - prior years carried forward	99,734	102,772
	99,734	**102,772**

Following the establishment of the rebate obligation in the 2023 financial year (refer note 9), rebates paid are recorded against this liability, with the exception of rebates paid in 2022 and prior, which are reflected in the above provisions. These reflect the liability for prior year rebates unclaimed by consumers.

9 REBATE OBLIGATION

	2024 $	2023 $
Balance at beginning of year	338,548,816	-
Initial rebate liability recognition	-	353,005,695
Less rebates written back	45,173	54,844
	338,593,989	353,060,539
Less rebates paid	(22,087,000)	(23,907,916)
Effective interest adjustment - Rebate obligation	(2,479,512)	9,396,193
Balance at end of year	**314,027,477**	**338,548,816**
Current portion of rebate obligation	12,888,393	14,311,763
Non-current portion of rebate obligation	301,139,084	324,237,053

The rebate obligation is a financial liability accounted for at amortised cost. The financial liability is initially measured at fair value plus or minus transaction costs that are directly attributable to its acquisition. Fair value was determined on the present value of the future rebate obligations, adjusted for attrition. The key assumptions were:
- Discount rate
- Number of consumers eligible over time.
- Rebate amounts payable to consumers over time.

The initial rebate obligation of $353,005,695, recorded as at 1 April 2022, is recognised at fair value and is amortised thereafter. The obligation includes an estimate of expected attrition based on historical information, and adjusted for various assumptions.

In 2023, the obligation included assumptions based on expected eligible ICPs based on historical data. In 2024, there has been a change in the TECT Rebate Policy, whereby the obligation is calculated using confirmed eligible ICPs based on the most recent data provided by Manawa Energy Limited and Mercury Energy Limited. It is then adjusted for various assumptions thereafter.

In any given year, there will be a difference between forecasted attrition and actual attrition, which will be recognised in the period that it can be reasonably determined.

As per the TECT Consumer Trust Deed, the Trustees shall pay out the net annual income derived by the Trust Fund or from the capital of the Trust Fund an amount (a Rebate) to each Consumer per eligible ICP in an aggregate amount per annum. Based on current financial projections, TECT Consumer Trust has retained funds which are sufficient to pay a rebate out to eligible beneficiaries up until 31 December 2050.

This is based on the following rebates being payable to each consumer per eligible ICP as follows:

In each annual period from 31 Dec 2022 to 31 Dec 2030	$500
In each annual period thereafter to 31 Dec 2040	$600
In each annual period thereafter to 31 Dec 2050	$700

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Notes to the financial statements

for the year ended 31 March 2024

10 RESERVES FOR DISTRIBUTIONS

Summary	2024 $	2023 $
Opening balance	-	4,236,238
TECT Community Trust settlement	-	(4,236,238)
Closing balance	-	-

11 LOANS TO RELATED ENTITIES

TECT Community Trust	2024 $	2023 $
Opening balance	339,723,985	-
Advances	-	353,005,695
Repayments	(12,318,274)	(13,281,710)
Closing balance	**327,405,712**	**339,723,985**
Current portion of advance	15,378,942	15,856,140
Non-current portion of advance	312,026,770	323,867,846

In 2023, TECT Consumer Trust advanced TECT Community Trust $353,005,695 for the purpose of acquiring a portion of shares in TECT Holdings Limited. As at 2024, the closing balance of the loan was $327,405,712. The loan is unsecured and interest is incurred at 4.5% per anuum and expires on 31 December 2050.

A binding ruling was obtained from the Inland Revenue Department confirming that the restructure transaction was in line with tax regulations which included a requirement that all transactions were at market value. In conjunction with the binding ruling a factual review was sought to confirm that the rate of 4.5% on the loan from TECT Consumer Trust to TECT Community Trust was a market rate. The factual review confirmed that 4.5% was considered a market rate.

12 TRADE AND OTHER RECEIVABLES

	2024 $	2023 $
Accrued interest	4,657,340	4,774,750
GST	38,100	613
Total closing balance	**4,695,440**	**4,775,363**

13 TRADE AND OTHER PAYABLES

	2024 $	2023 $
Accounts payable	95,833	65,519
Total closing balance	**95,833**	**65,519**

14 RELATED PARTIES

Trustees of TECT Consumer Trust are also trustees of TECT Community Trust. Given the common ownership and the dependency on funding between the two entities, they are considered related parties. All transactions with related parties are undertaken in the normal course of business on normal commercial terms.

TECT Consumer Trust has a management agreement with TECT Community Trust. Management fees of $250,000 (net of GST) have been charged by TECT Community Trust for the period ended 31 March 2024 (2023: $250,000).

TECT Consumer Trust has entered into a loan agreement with TECT Community Trust. Interest is incurred at 4.5% with interest incurred of $14,996,565 during the year to 31 March 2024 (2023: $15,557,246).

Notes to the financial statements

for the year ended 31 March 2024

15 COMMITMENTS & CONTINGENCIES

TECT Consumer Trust has retained funds which are sufficient to pay a rebate to eligible beneficiaries for approximately 30 years. The intention is to retain enough funds to pay, based on current financial projections, rebates until 31 December 2050.

16 SIGNIFICANT EVENTS AFTER BALANCE DATE

In March 2024, the Bill to increase the trustee tax rate from 33% to 39% received royal assent and will take effect from the 2024/25 income year. This triggered an application to the IRD to seek exemption from the 39% trustee tax rate change, on the basis that TECT Consumer Trust falls within the intention of the proposed carve out for energy consumer trusts.

As at balance date, the application was still in progress and therefore in calculating the rebate obligation - refer note 9, the effective tax rate applied is 39% until such exemption is granted.

Crowe New Zealand Audit Partnership
Level 1, Findex House
57 Willis St, Wellington 6011
Main +64 4 471 0006
Fax +64 4 566 6077
www.crowe.nz

INDEPENDENT AUDITOR'S REPORT

To the Members of TECT Consumer Trust

Opinion

We have audited the financial statements of TECT Consumer Trust (the Trust) on pages 5 to 17, which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at 31 March 2024, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS [RDR]).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and 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.

Trustees' Responsibilities for the Financial Statements

The Trustees are responsible on behalf of the Members for the preparation and fair presentation of the financial statements in accordance with NZ IFRS [RDR], and for such internal control as the Trustees 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 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 Trustee either intend to liquidate the or to cease operations, or have no realistic alternative but to do so.

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Auditor's Responsibilities 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 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 financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.

- 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the Trust 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.

- 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.

Restriction on Use

This report is made solely to the Members as a body. Our audit has been undertaken so that we might state to the Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe

Crowe New Zealand Audit Partnership
CHARTERED ACCOUNTANTS
27 June 2024

The title 'Partner' conveys that the person is a senior member within their respective division and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.