KPMG

TECT Community Trust Group

Consolidated Financial Statements
for the year ended 31 March 2024

Report contents

Directory
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
Auditors	Crowe New Zealand Audit Partnership 35 Grey Street Tauranga
Solicitors	Sharp Tudhope Tauranga

Date of Commencement	TECT Community Trust	8 February 2022
	TECT Holdings Limited	15 December 2006

Why Do We Exist, What We Aim To Do

As a passionate and community-driven trust, we strive to nurture and build the prosperity of those who call Tauranga and the Western Bay of Plenty home, through steady support for local initiatives, events and facilities.

Our efforts empower the community and organisations we support as we work together to make a significant impact on shaping the quality of life and wellbeing for all.

TECT's establishment 30 years ago, in 1993, marked a significant point in our community's history. As a community, we embarked on a journey towards a vision for our region where our communities and environment can thrive. Today, the trust's impact has echoed throughout our region, touching the lives of countless individuals now and in the future.

TECT are committed to supporting innovation and progress in our community to create sustainable and measurable change. The TECT fund is one of the largest in the country, significantly contributing to the creation of a region which will benefit current and future residents. Our region's growing needs, whether physical or social, will always be met with unwavering dedication from TECT, as we continue to play an increasingly critical role in the growth and development of the Western Bay of Plenty.

CROWE NEW ZEALAND

Our Strategic Plan

We are on a mission to make a difference in our community. The new strategy and funding framework has successfully guided our decision making and actions through its first full year of our strategic plan.

This plan focuses on housing, the natural environment and community infrastructure as focus areas we need to prioritise our funding into. We will also focus on supporting priority communities such as Māori, diverse ethnic communities, children and young people, and older people experiencing disadvantage. We want Tauranga and the Western Bay of Plenty to be vibrant places where people, families and communities thrive, so will also focus on community wellbeing and vibrancy to build an economically sustainable and healthy region.

We aim to take action to make a difference and prepare for future needs now. Our strategic focus areas will guide our funding into our wider community, prioritise funding for initiatives that not only support those experiencing the greatest disadvantage, but also contribute to long lasting benefits for all.

We are at the heart of the community and will continue to journey towards empowering all our communities to shape a better today and tomorrow.

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Our Vision | Ko te whakakitenga

A thriving, caring and connected community here in the Western Bay of Plenty.

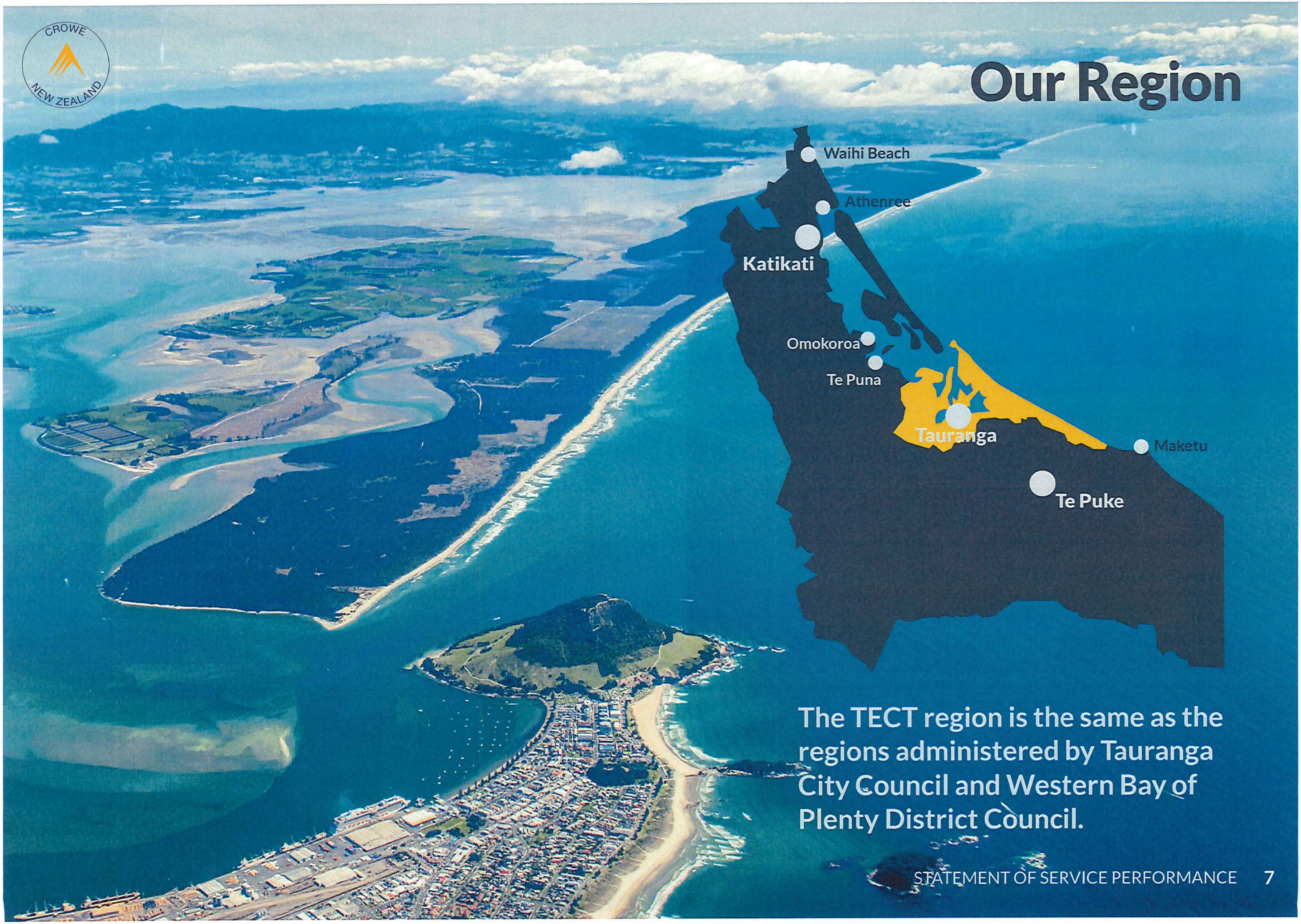
Our Mission | Ko te uaratanga

Responsibly manage our investments and effectively distribute funds for the long-term benefit of the community we serve.

Our Purpose | Ko te whāinga

To make a significant impact on shaping the quality of life and wellbeing of current and future generations in the Western Bay of Plenty. We are part of the fabric of this region and are ambitious for the future of our community.

Our Region



The TECT region is the same as the regions administered by Tauranga City Council and Western Bay of Plenty District Council.

Our Way of Working

Impact Focused – We aim to be embedded in our community and to meaningfully contribute to community wellbeing and quality of life. Our fund enables us to invest in ways that seek to achieve deep, measurable impact, addressing key challenges and benefiting our region's people intergenerationally.

Collaborative – We have unique flexibility to use our resources collaboratively alongside other funders and believe it is important to work with people who have strong community connections and understanding. Together we work to bring about sustainable and equitable change in our region.

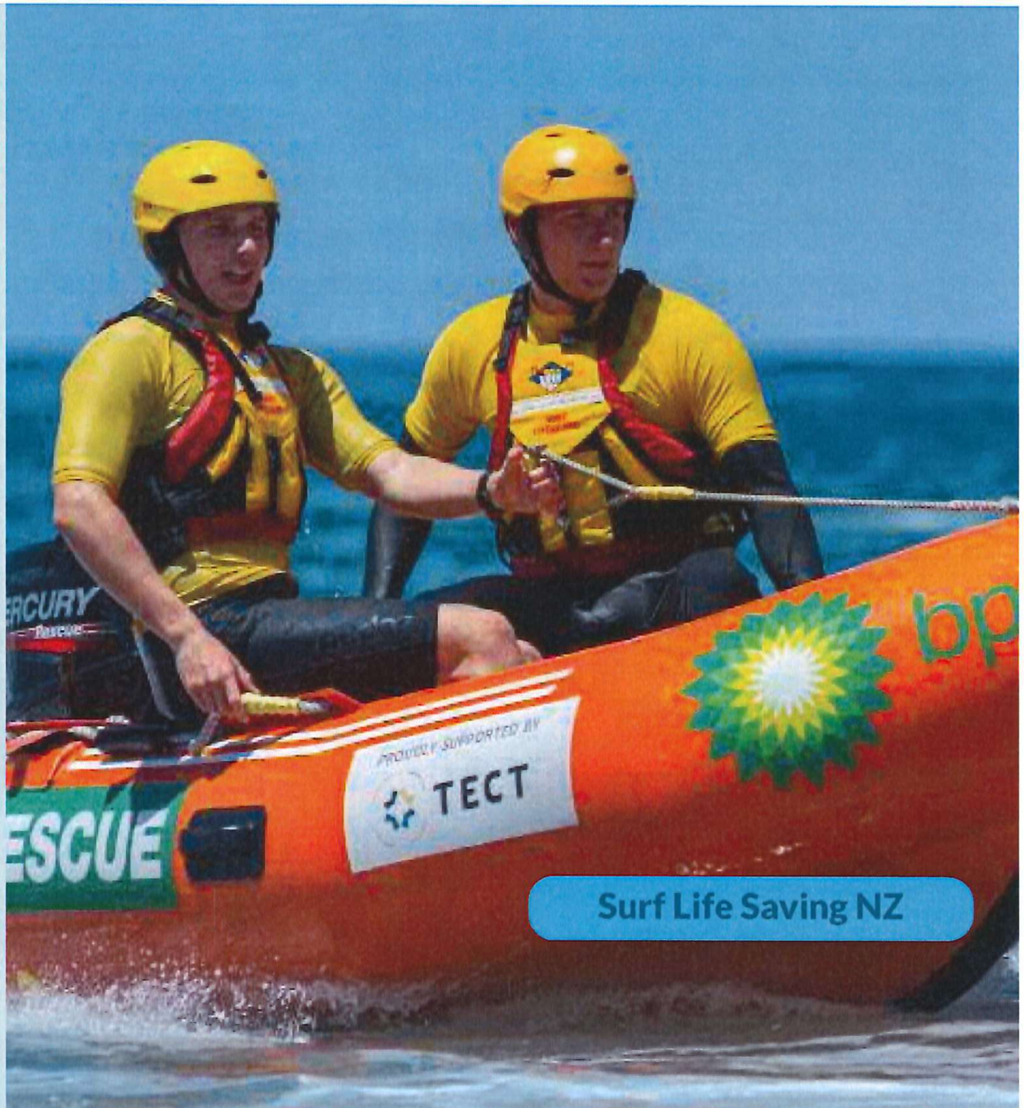
Balanced Approach – We will balance our funding approach between responsive and strategic investment. Responsive funding ensures we listen and stay open to community needs and ambitions. Strategic funding approaches give us the tools we need to address systemic issues in our region.

Enabling – We believe in empowering communities to lead change. Our aim is to help strengthen local organisations so they can create long-term social change that enables our region's communities to thrive. Across all our funds we aim to be approachable, accessible and enabling of community aspirations.

Agile – We recognise the value of being nimble and flexible – meaning that we can respond quickly to opportunities that may arise, and can adapt as the needs of our partners and communities change. Being evidence-informed ensures we adapt to our community's changing needs.

Commitment to Māori – We recognise the importance of building meaningful relationships with tangata whenua and enabling the aspirations of Māori in our region. As a Trust, we are committed to developing our understanding of Te Tiriti o Waitangi and its implications for our work.

CROWE NEW ZEALAND



Surf Life Saving NZ

At TECT, we strive to make a difference for Tauranga and Western Bay of Plenty communities, positively impacting the lives of current residents and future generations. Our funding approach is inclusive of all communities, and we prioritise support for those experiencing the highest need as well as enabling future transformational projects which benefit everyone in our community.

Key Performance Highlights For The Year Include

The diversified portfolio had a positive return of **17.6%** (YE23 -2.3%)

In this financial year TECT granted **$31M** to **210** organisations (YE23 $16M)

Group administration expenses of **$2M** (before finance & interest payments) (YE23 $2.5M)

Total Assets were **$909M** (YE23 $893.6M) with Net Assets of **$545M** (YE23 $535.2M) after the loan from TECT Consumer Trust

$2M Group net surplus (YE23 $39.3M)

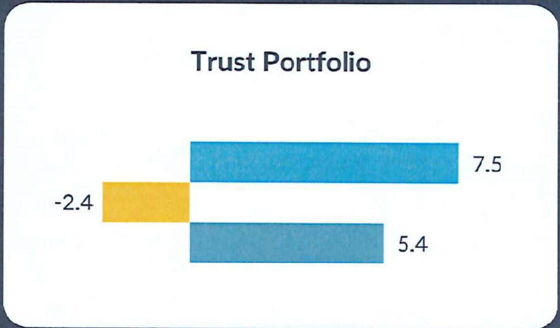
The overall Trust portfolio experienced an improved 12 months with a 7.5% return (YE23 -12.9%). While the three year annual return was negative, the five year annual return remained in positive territory.

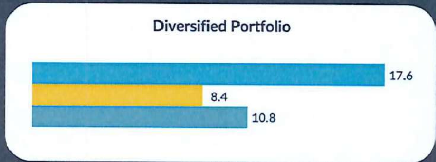
Overall, performance of the diversified portfolio has been in line with other portfolios of similar asset allocations. Most portfolios have experienced a strong rally over the March quarter, primarily due to the performance of international equities.

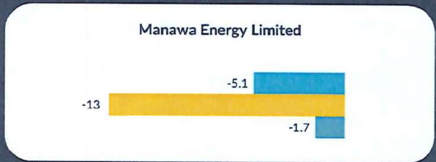
Much of the Trust portfolio performance was offset by longer timeframe losses associated with Manawa Energy Limited, resulting in a modest positive return for all periods except over three years. Manawa Energy Limited contributed positively to the portfolio performance in the last quarter of the year.

Performance Summary

as at 31 March 2024







1 Year (%) 3 Years (% p.a) 5 Years (% p.a)

Grants Programme

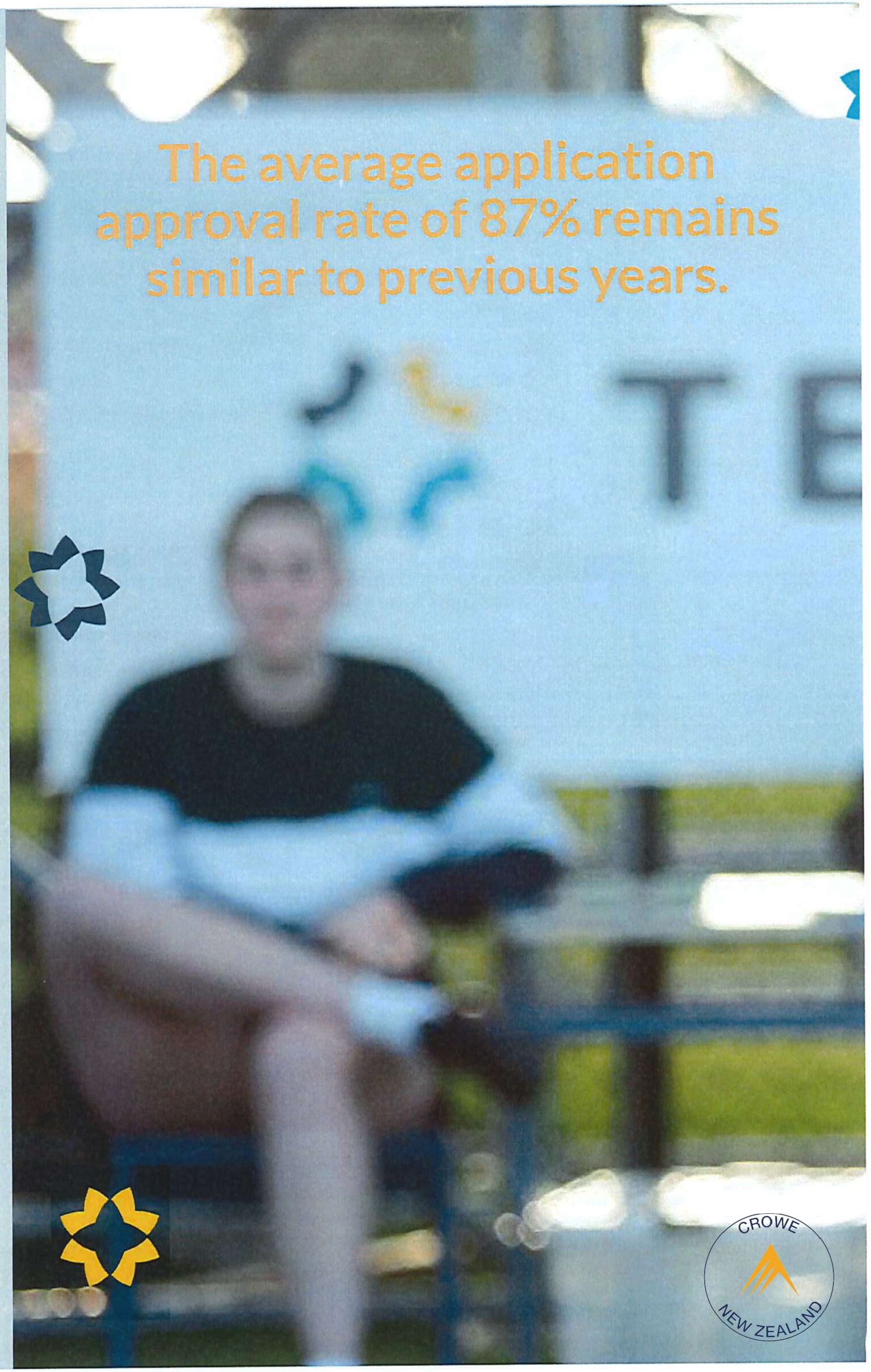
Each year, TECT makes funding available to community organisations and initiatives. TECT strives to engage in community consultation and receive feedback on the distribution plan each year. Funds that are not uplifted due to projects not going ahead, or when accountability is not met, will be returned to the grants distribution pool and any unused funds are carried over to the following year.

In YE2024, $19M was allocated for distribution across our five Grant Funds ($27.5M YE23).

TECT's grants framework is split between strategic and responsive funding, across the five funds of Catalyst for Change, Community Development, Community Events, Community Facilities, and Facilities of Regional Significance.

The following distribution plan was approved for YE2024:

	ALLOCATED TO RESERVE YE2024	BALANCE IN RESERVES AS AT 31 MARCH 2023	TOTAL IN RESERVE
STRATEGIC			
Facilities of Regional Significance	$7,550,000	+ $14,105,744	**= $21,655,744**
Catalyst for Change	$3,380,121	+ $3,537	**= $3,383,658**
RESPONSIVE			
Community Developments	$4,998,531	+ $22,779	**= $5,021,310**
Community Events	$1,176,760	+ $23,240	**= $1,200,000**
Community Facilities	$2,350,165	+ $1,649,835	**= $4,000,000**
TOTAL ALLOCATIONS	**$19,455,577**	**$15,805,135**	**= $35,260,712**



In this financial year TECT granted $31M to 210 organisations.

Description and quantification of the entity's output

	YE 2024	YE 2023
Total number of grants approved	243	243
Number of community groups approved funding	210	238
Value of grants approved	$31,075,619	$15,982,275
Percentage of applications approved	87%	89%
Total grants paid out in the year	$19,351,689	$13,616,517

** Grants approved include total number of grants approved directly from TECT, as well as the funding decisions made through the joint funds where TECT has made a contribution.*

The Trust continued to strive to operate a clear, consistent and transparent funding process. The value of grants approved is dependent on the number and type of applications received during the year. A further breakdown of the value of grants approved is as follows:

Grants approved by fund

	YE 2024	YE 2023
Facilities of Regional Significance	$21,650,000	$920,000
Catalyst for Change	$450,000	$5,406,719
Community Development	$5,075,536	$5,072,009
Community Events	$1,014,021	$967,559
Community Facilities	$2,386,062	$3,616,488
TOTAL	$30,575,619	$15,982,275

** Includes lapses returned to the fund, then reallocated*
** The strategic funds (Facilities of Regional Significance and Catalyst for Change) are built up over a number of years to allow for larger grants, and as such funds will be carried over into the next year.*

Consolidated Statement of Comprehensive Revenue and Expense

For the year ended 31 March 2024

	Notes	2024 $	2023 $
Revenue from exchange transactions	2	1,244,116	727,760
Finance income	3	17,669,037	56,707,340
Total Revenue		**18,913,153**	**57,435,100**
Operating and Administration expenses	4	1,946,688	2,496,419
Finance expenses	5	14,996,816	15,598,756
Total Expenses		**16,943,504**	**18,095,177**
Net Surplus		**1,969,648**	**39,339,924**
Other Comprehensive Revenue and Expense for the Year			
Gain/(loss) in fair value movement of investments		37,917,876	(197,672,927)
		37,917,876	(197,672,927)
Total Comprehensive Revenue and Expense		**39,887,524**	**(158,333,003)**

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Consolidated Statement of Changes in Net Assets

As at 31 March 2024

	Notes	Base Capital	Investment Fair Value Reserve	Accumulated Funds	Reserves for Distribution	Total Equity
Balance at 1 April 2022		-	-	-	-	-
Base capital - Initial settlement assets	1	705,142,246	-	-	-	705,142,246
Reserves for distribution transferred - TECT Consumer Trust		-	-	-	4,236,238	4,236,238
Total comprehensive income for the year		-	(197,672,927)	39,339,924	-	(158,333,003)
Transfer of realised loss on disposal of investments		-	20,333,520	(20,333,520)	-	-
Distributions of equity		-	-	(27,450,000)	11,467,725	(15,982,275)
Distributions written back		-	-	-	101,172	101,172
Balance at 31 March 2023		705,142,246	(177,339,408)	(8,443,596)	15,805,135	**535,164,378**
Balance at 1 April 2023		705,142,246	(177,339,408)	(8,443,596)	15,805,135	535,164,377
						-
Total comprehensive income for the year		-	37,917,876	1,969,648	-	39,887,524
Capital gain on sale of fixed assets		-	-	126	-	126
Transfer of realised gain on disposal of investments		-	(7,534,332)	7,534,332	-	-
Distributions of equity		-	-	(19,455,577)	(11,625,354)	(31,080,931)
Distributions written back		-	-	-	705,101	705,101
Balance at 31 March 2024		705,142,246	(146,955,864)	(18,395,067)	4,884,882	**544,676,199**

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Consolidated Statement of Financial Position

As at 31 March 2024

	Notes	2024 $	2023 $
Current Assets			
Cash and cash equivalents		1,361,564	1,520,662
Trade and other receivables		113,837	112,803
Loans to community organisations	7	1,173,937	1,088,006
		2,649,337	**2,721,471**
Non-current Assets			
Investment in shares		381,648,713	416,877,825
Investment portfolio	9	491,001,629	457,007,187
Plant and equipment	15	254,243	250,174
Investment property	10	33,370,748	16,620,748
Loans to community organisations	7	65,047	77,514
		906,340,380	**890,833,448**
Total Assets		**908,989,717**	**893,554,919**
Current Liabilities			
Trade and other payables	6	4,898,002	5,050,038
Loan - TECT Consumer Trust	13	15,378,942	15,856,140
Provision for grant distributions	12	14,009,801	13,616,513
		34,286,745	**34,522,690**
Non-current Liabilities			
Loan - TECT Consumer Trust	13	312,026,770	323,867,846
Provision for grant distributions	12	18,000,000	-
		330,026,770	**323,867,846**
Total Liabilities		**364,313,515**	**358,390,536**
Net Assets		**544,676,199**	**535,164,382**
Equity		**544,676,199**	**535,164,378**

Trustee ______ MARK ARUNDEL

Trustee ______ RACHAEL GEMMING

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Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	2024 $	2023 $
Cash flows from operating activities		
Finance income	17,577,537	56,697,944
Revenue from exchange transactions	1,243,081	646,119
Cash paid to suppliers, staff and Trustees	(16,987,809)	(13,151,786)
Grants paid to the community	(11,982,541)	(10,824,649)
Proceeds from sale of investments	97,032,534	427,424,591
Funds invested	(57,879,987)	(342,822,226)
Cash transferred on resettlement	-	13,664,590
Taxes paid	(38,544)	(6,711)
Net cash flow - operating activities	**28,964,270**	**131,627,873**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(73,093)	(64,128)
Acquisition of investment property	(16,750,000)	(5,970,748)
Loans (repaid)/issued	(12,300,274)	(124,072,334)
Net cash flow - investing activities	**(29,123,368)**	**(130,107,210)**
Net increase/(decrease) in cash and cash equivalents	(159,098)	1,520,662
Cash at beginning of year	1,520,662	-
Cash at end of year	1,361,564	1,520,662
Represented by:		
Cash on hand and at bank	1,361,564	1,520,662

CROWE NEW ZEALAND

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

1 Reporting entity

These consolidated financial statements are for the Group consisting of TECT Community Trust and TECT Holdings Limited.

TECT Community Trust is a Charitable Trust, registered with Charities Services. All TECT Community Trust subsidiaries are incorporated and domiciled in New Zealand.

TECT Community Trust Group complies with the financial reporting requirements of the Financial Reporting Act 2013.

The Financial Statements comprise the Consolidated Financial Statements of the Group.

Approval of Consolidated Financial Statements

The Consolidated Financial Statements were approved by the Trustees on 27 June 2024.

Background

The Tauranga Energy Consumer Trust (TECT) was established in 1993 as part of the reforms of the energy sector. It was created to be a cornerstone shareholder in the newly established Trustpower Limited, the energy company that succeeded to the assets of the Tauranga Electric Power Board, and to share the benefits of ownership of that company with Trustpower consumers resident in the Tauranga and Western Bay of Plenty district which it served, by way of payment of rebates and provision of grants and other benefits within the wider community of that district.

As a consequence of a strategic review by Trustpower of its retail consumer business in early 2021, TECT itself undertook a restructuring. Pursuant to that restructuring, TECT received High Court approval for a new community trust to serve the wider needs of the Tauranga and Western Bay District. Accordingly the Trustees established a charitable trust for the benefit of the people and community of the Tauranga and Western Bay of Plenty district, and for those purposes to receive from TECT the Initial Settlement Assets (including the shares then held by TECT in Trustpower Limited).

The base capital of $705,142,246 represents funds transferred on resettlement from TECT Charitable Trust and TECT Consumer Trust on 1 April 2022, in line with the implementation deeds.

CROWE NEW ZEALAND

Notes to the Consolidated Financial Statements
For the year ended 31 March 2024

Basis of preparation

The consolidated financial statements have been prepared on a going concern basis.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Principles ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable Financial Reporting Standards, as appropriate for Tier 2 not-for-profit public benefit entities for which all reduced disclosure regime exemptions have been adopted. The entity has elected to report in accordance with the Tier 2 standards, taking advantage of all disclosure concessions as it is not publicly accountable and has expenses less than $30 million.

(b) Basis of consolidation

The consolidated financial statements include the TECT Community Trust (The Parent) and its subsidiary, TECT Holdings Limited (100% shareholding). The 2023 comparatives also include TECT Charitable Trust for the period 1 April 2022 - 31 May 2022 being the date the trust was wound up. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation.

(c) Measurement basis

The consolidated financial statements have been prepared on the basis of historical cost, apart from investments which are carried at fair value.

(d) Functional and presentation currency

The consolidated financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar ($).

CROWE NEW ZEALAND

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

(e) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with PBE Standards requires the use of certain critical accounting estimates. It also requires Trustees to exercise their judgement in the process of applying the Group's 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:

- Impairment of assets

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

- Fair value

The Trustees have elected to account for the investments at fair value. As a result the Trustees are required to make judgements as to the fair value of the investments. Where these investments are publicly traded, the Trustees recognise fair value at the closing buy price at the reporting date. Where these investments are not publicly traded, the Trustees recognise fair value at the closing unit price of the underlying fund as provided by the fund manager of the respective investment.

(f) Taxation

TECT Community Trust Group is exempt from income tax under CW 40(1) of the Income Tax Act 2007.

Specific 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:

(a) Goods and services tax

All balances are presented net of goods and services tax (GST), except for receivables and payables which are presented inclusive of GST.

(b) Financial instruments

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

CROWE NEW ZEALAND

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

(c) 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.

(d) Investments

The Group recognises its investments at fair value at every reporting date. The Group measures its investments at fair value through other comprehensive revenue and expense, in accordance with PBE IPSAS 41 Financial Instruments. As the investments held are defined as equity investments by PBE IPSAS 28 Financial Instruments: Presentation, and are not held for trading, the Trustees have elected to apply the irrevocable other comprehensive revenue and expense option.

(e) Portfolio investments

The Group has a number of portfolio investments. These investments are recognised at fair value in the Statement of Financial Position with movements being recognised in other comprehensive revenue and expenses. As the investments held are defined as equity investments by PBE IPSAS 28 Financial Instruments: Presentation, and are not held for trading, the Trustees have elected to apply the irrevocable other comprehensive revenue and expense option.

(f) Loans to community organisations

These loans are interest free with the exception of the Te Mana O Toi LP loan, which started to accrue interest during the 2023 year. Loans accrue interest and have been classified as financial assets measured at amortised cost. After initial recognition they are measured at amortised cost using the effective interest rate method less any impairment loss. Gains and losses when the asset is impaired or derecognised are recognised in revenue and expense.

(g) Borrowings

Borrowings are initially recorded at fair value net of transaction costs incurred, and subsequently at amortised cost using the effective interest method. All borrowing costs are recognised as an expense in the period they are incurred.

(h) Revenue from exchange transactions

Rental income from investment properties
Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease term and included in revenue.

(j) Finance income

Interest income
Interest income is earned for the use of cash and cash equivalents or any amounts due to the Group.
Interest income is recognised in the statement of comprehensive revenue and expenses as it is earned. Interest income is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest revenue each period.

CROWE NEW ZEALAND

Notes to the Consolidated Financial Statements
For the year ended 31 March 2024

Dividend income
Dividend income is recognised in surplus or deficit on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Dividends are shown net of imputation credits, and dividends and interest are shown gross of withholding taxes paid.

(k) 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.

(l) Impairment of assets
The carrying amounts of the Group's 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 asset's 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.
The estimated recoverable amount of investments and 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.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group 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.
Grants and distributions still to be paid are considered to be provisions as the amounts can be estimated reliably and past practice indicates substantially all of the communicated commitments are subsequently paid. Grant provisions are not discounted as the date of the cash outflow cannot be estimated reliably and in any event the effect of discounting is not considered to be material.
Grants and distributions recognised in the year are recorded through equity in the 'reserves for distribution' reserve, rather than through the Statement of Comprehensive Income as they are for the beneficiaries of the Group.

(n) Property, plant and equipment

All property, plant and equipment are stated at cost less depreciation. Depreciation has been calculated in accordance with maximum rates permitted under the Income Tax Act 2007. Trustees consider that these rates give a reasonable approximation of the estimated usable life's of these assets.

Principle depreciation rates are:

Motor vehicles	30%
Furniture and fittings	10% - 67%
Plant and equipment	10% - 40%

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

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Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

(o) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.
Investment property is initially measured at cost and is revalued as at the market valuation every 3 years. Investment property acquired through a non-exchange transaction is measured at it's fair value at the date of acquisition.

Subsequent to initial recognition investment property is measured at fair value, with changes in fair value recognised in surplus or deficit in the statement of comprehensive revenue and expense.

(p) Employee entitlements

Annual leave entitlements due to employees are accounted for on the basis of contractual requirements.

Changes in accounting policies

All accounting policies have been consistently applied in these financial statements.

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Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

2 Revenue from exchange transactions

	2024 $	2023 $
Management fees	250,000	250,000
Services charged	26,626	23,685
Rental income	967,488	454,074
	1,244,116	**727,760**

3 Finance income

	2024 $	2023 $
Dividend income	13,840,008	49,069,120
Interest income	311,123	128,994
Investment portfolio distribution income	3,470,679	7,471,351
Other income	47,226	37,875
	17,669,037	**56,707,340**

4 Operating and Administration expenses

	2024 $	2023 $
Audit fees	29,766	31,100
Depreciation expense	69,187	63,313
Election costs	-	337,225
Employee benefit costs	860,529	710,789
Financial accounting and consultancy	62,667	158,220
Grants programme expenses	69,838	69,642
Investment expenses	390,217	434,253
Legal and advisory expenses	59,563	186,089
Trustee expenses	199,432	235,590
Other administration expenses	205,489	270,198
	1,946,688	**2,496,419**

5 Finance expenses

	2024 $	2023 $
Interest expense - TECT Consumer Trust	14,996,565	15,557,247
Other finance expenses	251	41,510
	14,996,816	**15,598,756**

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Notes to the Consolidated Financial Statements
For the year ended 31 March 2024

6 Trade and other payables

	2024	2023
	$	$
Accounts payable	136,551	200,847
Accrued expenses	27,499	23,750
Accrued interest	4,657,340	4,774,751
GST payable	31,821	-
Holiday pay accrual	44,790	50,690
	4,898,002	**5,050,038**

7 Loans to community organisations

TECT Consumer Trust had advanced loans to two organisations, being Omanu Beach Charitable Trust and Te Mana O Toi LP. These two loans were novated to TECT Community Trust Group in line with the implementation deeds of the restructure as at 1 April 2022.

The loan to Omanu Beach Charitable Trust is interest-free. For the purposes of calculating amortised cost the term per the loan agreement has been used and an interest rate applying to the prescribed interest rates for Fringe Benefit Tax since inception date of the loan agreement is assumed.

The loan to Te Mana O Toi is interest-bearing. The agreed interest rate is OCR + 2% per annum calculated on a daily basis.

8 Investment in shares

	2024	2023
	$	$
Manawa Energy Limited		
Opening balance	416,877,825	-
Balance transferred into TECT Community Trust Group on re-settlement	-	591,345,808
Fair value movement	(35,229,112)	(174,467,983)
Closing balance (83,878,838 shares @ $4.55 per share (2023: 83,878,838 shares @ $4.97)	**381,648,713**	**416,877,825**

Fair value has been assessed at $4.55 per share ($4.97 per share 2023), being the closing buy quotation on 28 March 2024 (being last business day of month). No allowance has been made for commission payable on any disposal of shares.

TECT Community Trust Group has a significant percentage of its funds invested in Manawa Energy Limited, therefore there is a concentration of market risk associated with this investment. The Trustees have determined TECT Community Trust Group does not have significant influence over Manawa Energy Limited.

CROWE NEW ZEALAND

Notes to the Consolidated Financial Statements
For the year ended 31 March 2024

9 Investments

As at 31 March 2024	Asset Allocation %	2024 $	Asset Allocation %	2023 $
Investment portfolios				
Cash Investments	**3.4%**		**3.4%**	
Nikko Asset Management		18,009,485		16,321,441
Australasian Equities	**8.6%**		**10.4%**	
Nikko AM Wholesale Core Equity Fund		23,230,957		26,546,151
Castle Point Trans Tasman Fund		21,937,263		22,671,668
Impact Investments	**1.0%**		**0.6%**	
Enterprise Angels - EA Fund 2		174,105		209,681
Enterprise Angels - EA Fund 3		180,604		185,059
Purpose Capital Impact Fund		3,467,155		1,818,200
WNT Ventures Fund 2		397,609		416,643
WNT Ventures Fund 3		199,438		118,219
Bay of Plenty Housing Limited Partnership (YouOwn)		395,159		-
Bay of Plenty Housing Equity Fund		200,000		-
Property	**8.5%**		**9.4%**	
Mercer Unlisted Property Portfolio B		35,811,776		36,217,197
Resolution Capital Global Property Securities Fund		8,809,289		8,162,450
Unlisted Infrastructure	**8.8%**		**6.2%**	
Mercer Unlisted Infrastructure Portfolio		46,163,324		29,429,127
International Equities	**56.9%**		**61.2%**	
Mercer HOS Shares Index B		122,148,762		128,080,820
Mercer HOS Shares Index		106,961,119		102,906,757
Skerryvore Global Emerging Markets All-Cap Equity Fund		36,704,482		31,706,930
Vanguard International Small Companies Index Fund		32,337,308		27,233,697
Private Equity	**6.5%**		**5.3%**	
Continuity Capital PE Fund No 2		2,186,484		2,120,685
Continuity Capital PE Fund No 4		5,780,458		5,375,348
Continuity Capital PE Fund No 6		2,432,226		1,623,915
LGT - Crown Capital Opportunities VII SCS		6,082,991		4,504,770
Oriens Capital Fund 1		1,962,806		1,617,476
Oriens Capital Fund 2		2,512,431		1,747,399
Pencarrow Bridge Fund		1,941,757		1,772,590
Pioneer Capital Partners		1,590,860		1,543,359
Waterman Fund 3		1,009,031		909,564
Waterman Fund 4		7,341,694		3,768,043
HarbourVest Partners Stewardship Feeder Fund LP		914,471		-
Waterman - Long Term Food Group LP		118,587		-
Total investment portfolios	**93.6%**	**491,001,629**	**96.5%**	**457,007,188**

CROWE NEW ZEALAND

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

10 Investment property

As at 31 March 2024	Asset Allocation %	2024 $	Asset Allocation %	2023 $
Impact Investments	**6.4%**		**3.5%**	
The Kollective		10,650,000		10,650,000
127 Durham Street		5,000,000		-
143 Durham Street		11,750,000		-
145 Durham Street		5,970,748		5,970,747
Carrying value of investment property	**6.4%**	**33,370,748**	**3.5%**	**16,620,748**

Investment property comprises land and buildings that are leased to third parties under operating leases.

TECT Community Trust, the owner of the Kollective, has entered into an agreement with Social Sector Innovation WBOP Charitable Trust (SociaLink) to manage the property. SociaLink lease spaces to various community organisations.

11 Commitments and contingencies

TECT Community Trust Group had the following commitments at the end of the financial year:

	2024 $	2023 $
Continuity Capital PE Fund No 2	175,000	200,000
Continuity Capital PE Fund No 4	1,125,000	1,425,000
Continuity Capital PE Fund No 6	2,500,000	3,250,000
Enterprise Angels Fund 3	10,000	30,000
Purpose Capital Impact Fund	1,200,000	2,650,000
LGT - Crown Capital Opportunities	3,218,525	4,005,757
HabourVest Partners Stewardship Feeder Fund LP	7,159,893	7,759,655
Oriens Capital Fund 1	87,500	287,500
Oriens Capital Fund 2	2,100,000	3,050,000
Pencarrow Bridge Fund	225,000	275,000
Pioneer Capital Partners	937,309	1,093,826
Waterman Fund 3	953,500	978,500
Waterman Fund 4	1,820,000	2,347,500
WNT Ventures Funds 2	37,500	50,000
WNT Ventures Funds 3	267,000	338,500
Bay of Plenty Housing Limited Partnership (YouOwn)	621,400	-
Bay of Plenty Housing Equity Fund	9,800,000	-
Total	**32,237,627**	**27,741,238**

The investments outlined above are a schedule of committed capital for private equity investments. These remain uncalled at balance date.

The Group had no contingencies at the end of the financial year.

CROWE NEW ZEALAND

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

12 Provision for grant distributions

	2024 $	2023 $
Balance at beginning of year	13,616,513	-
Distributed from TECT Consumer Trust	-	8,560,059
Add grant distributions approved	31,080,931	15,972,275
Less grant distributions written back	(705,101)	(91,172)
	43,992,343	**24,441,162**
Less grant distributions paid	(12,069,440)	(10,824,649)
Balance at end of year	**31,922,903**	**13,616,513**
Grant distributions not yet uplifted		
Projects of regional significance	23,184,501	2,577,395
Community facilities	2,365,410	3,452,858
Community events	227,172	282,293
Community development	2,831,050	2,697,236
Catalyst for change	3,187,763	4,606,731
Tauranga Western Bay Combined Event Fund	127,008	-
	31,922,903	**13,616,513**
Tauranga Western Bay Combined Event Fund - Co-Funder Accounts	86,899	-
	32,009,801	**13,616,513**
Current portion of provisions for grants	14,009,801	13,616,513
Non-current portion of provisions for grants	18,000,000	-
	32,009,801	**13,616,513**

Payments of grants is generally conditional upon the organisation obtaining the full amount of funds required to complete the project. Generally, the Group does not release funds until all conditions imposed by Trustees have been met. Grants are normally paid out within 12 months except in exceptional circumstances where Trustees may allow an extension of time or in the case of major projects which may require longer time frames for completion. Grant provisions are not discounted as the date of cashflow cannot be estimated reliably and in any event the effect of discounting is not expected to be material.

The co-funders of the Tauranga Western Bay Community Events Fund (TWBCEF) are Acorn, BayTrust, Tauranga City Council, Western Bay of Plenty District Council and TECT Community Trust. The co-funders are invoiced for their portion of the grants when they are approved, however grants are paid to the recipients in two halves; 50% at the beginning and 50% at the end of the event. A provision is held in the balance sheet for these grant payments yet to be paid with a closing balance as at 31 March 2024 of $86,899 (2023: nil).

13 Loans from related entities

	2024 $	2023 $
Loan - TECT Consumer Trust		
Opening balance	339,723,985	-
Advances	-	353,005,695
Repayments	(12,318,274)	(13,281,710)
Closing balance	**327,405,711**	**339,723,985**
Current portion of loan	15,378,942	15,856,140
Non-current portion of loan	312,026,770	323,867,846
	327,405,711	**339,723,985**

A loan agreement formed part of the TECT restructure and expires on 31 December 2050. Principal and interest payments were made in the year and interest accrued at year end is reflected as accrued interest.
A binding ruling and factual review were obtained from the Inland Revenue Department confirming that the restructure transactions were at arms length terms.

CROWE NEW ZEALAND

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

14 Reserves for distribution

	2024	2023
Summary	$	$
Opening balance	15,805,135	-
Distributed from TECT Consumer Trust	-	4,236,238
Allocated - Annual distribution plan	19,455,577	27,450,000
	35,260,712	**31,686,238**
Transfers to provisions and payments	(31,080,931)	(15,982,275)
Write back to reserve	705,101	101,172
Closing balance	**4,884,883**	**15,805,135**
This comprises:		
Projects of Regional Significance		
Opening balance	14,105,744	-
Distributed from TECT Consumer Trust	-	1,675,744
Allocated - Annual distribution plan	7,550,000	13,350,000
Transfers to provisions and payments	(21,650,000)	(920,000)
Write back to reserves	-	-
Closing balance	**5,744**	**14,105,744**
Community Facilities		
Opening balance	1,649,835	-
Distributed from TECT Consumer Trust	-	309,689
Allocated - Annual distribution plan	2,350,165	4,950,000
Transfers to provisions and payments	(2,886,062)	(3,616,488)
Write back to reserve	514,242	6,634
Closing balance	**1,628,180**	**1,649,835**
Community Development		
Opening balance	22,779	-
Distributed from TECT Consumer Trust	-	22,553
Allocated - Annual distribution plan	4,998,531	5,000,000
Transfers to provisions and payments	(5,090,536)	(5,071,509)
Write back to reserve	106,177	71,735
Closing balance	**36,951**	**22,779**
Community Events		
Opening balance	23,240	-
Distributed from TECT Consumer Trust	-	317,996
Allocated - Annual distribution plan	1,176,760	650,000
Transfers to provisions and payments	(1,004,333)	(967,559)
Write back to reserve	23,433	22,803
Closing balance	**219,100**	**23,240**
Catalyst for Change		
Opening balance	3,537	-
Distributed from TECT Consumer Trust	-	1,910,256
Allocated - Annual distribution plan	3,380,121	3,500,000
Transfers to provisions and payments	(450,000)	(5,406,719)
Write back to reserve	61,250	-
Closing balance	**2,994,908**	**3,537**
Total closing balance	**4,884,883**	**15,805,135**

CROWE NEW ZEALAND

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

15 Plant and equipment

Balance at 31 March 2024	Motor Vehicles	Office Equipment	Plant & Equipment	Total
Carrying value as at 31 March 2023	41,786	173,789	34,599	250,174
Additions	39,991	25,102	8,200	73,293
Disposals at cost	-	(74)	-	(74)
Accumulated depreciation on disposals	-	37	-	37
Current year depreciation	(23,534)	(39,112)	(6,541)	(69,187)
Carrying value at 31 March 2024	58,243	159,742	36,258	254,243

Balance at 31 March 2023	Motor Vehicles	Office Equipment	Plant & Equipment	Total
Carrying value as at 31 March 2022	-	-	-	
Distributed from TECT Group	59,695	170,010	19,656	249,360
Additions	-	41,951	22,177	64,128
Current year depreciation	(17,908)	(38,172)	(7,234)	(63,314)
Carrying value at 31 March 2023	41,786	173,789	34,599	250,174

16 Related party transactions

Trustees of TECT Community Trust are also Trustees of TECT Consumer Trust. Given the common ownership and the dependency of 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.

No related party debts have been forgiven or written off throughout the year.

From time to time, applications for grants are received by TECT Community Trust Group from organisations in which TECT Community Trust Group Trustees have an interest. In these situations, Trustees adhere to the guidance in TECT Community Trust's Group's Code of Practice and remove themselves from the decision making process to ensure no conflicts of interest occur.

17 Capital management

The Group's capital is its Equity, which comprises Base Capital, Accumulated Funds, Reserves for Distribution and Fair Value Reserve. Equity is represented by net assets.

The Group manages its Equity prudently as part of the process of effectively managing its revenues, expenditure, assets, liabilities and all related financial affairs. In order to ensure that the Group achieves its charitable objectives and purpose, the Group has a board of trustees and directors that actively controls and monitors progress of plans and activities against financial and social key performance indicators.

There have been no material changes in the Group's management of capital during the period.

18 Subsequent events

As at balance date, TECT Community Trust was in the final stages of confirming a funding agreement to grant $21m to Tauranga City Council towards the Te Manawataki O Te Papa development. The intention is to have this finalised and signed on the 4th of June 2024. There were no other subsequent events to disclose for the 2024 year (2023: NIL).

CROWE NEW ZEALAND

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INDEPENDENT AUDITOR'S REPORT

To the Members of TECT Community Trust

Opinion

We have audited the consolidated financial statements of TECT Community Trust (the Trust) and its controlled entities (the Group) on pages 4 to 29, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies and the statement of service performance.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Trust as at 31 March 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Public Benefit Entity 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)). 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 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.

Other than in our capacity as auditor we have no relationship with, or interests in, TECT Community Trust or any of its controlled entities.
Partners and employees of our firm deal with the Trust on normal terms within the course of trading activities of the Trust. The firm has no other relationship with, or interests in, TECT Community Trust or any of its controlled entities.

Trustees' Responsibilities for the Consolidated Financial Statements

The Trustees are responsible on behalf of the Trust for the preparation and fair presentation of the consolidated financial statements in accordance with Public Benefit Entity Accounting Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board, and for such internal control as the Trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Trust 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 decisions of users taken on the basis of these consolidated 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 consolidated 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 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Trust to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

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