

MASSEY UNIVERSITY FOUNDATION TRUST

Annual Report

For the Year Ended 31 December 2024

Tom O'Keefe

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Massey University Foundation Trust

Statement of Trustees Responsibility

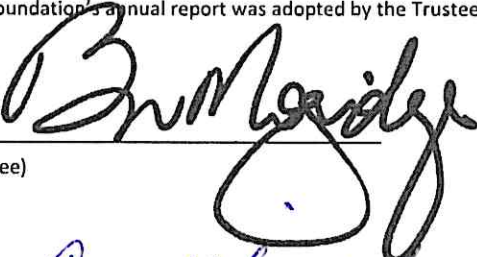
For the Year Ended 31 December 2024

The Trustees of Massey University Foundation Trust (the Foundation) accept responsibility for the preparation of the annual report and the judgments used in these statements.

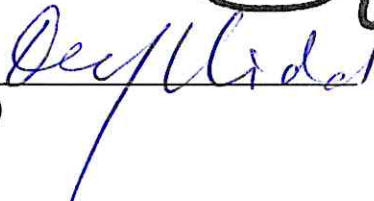
The Trustees accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the Foundation's financial reporting.

In the opinion of the Trustees the annual report for the financial year ended 31 December 2024 fairly reflects the financial position and operations of the Foundation.

The Foundation's annual report was adopted by the Trustees on 7 May 2025.



(Trustee) 7 May 2025



(Trustee) 7 May 2025

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Massey University Foundation Trust

Foundation Directory
As at 31 December 2024

Registered Office

Massey University
Tiritea Campus
Tennant Drive
Palmerston North

Trustees

Bryan Mogridge
Dianne Kidd
Prof Wayne McIlwraith
Prof Jan Thomas
Shelley Turner
Paul Bayly
Adam Peren (from April 2024)
Ross McEwan (from May 2024)

Auditors

Audit New Zealand
On behalf of the Auditor-General

Bankers

Bank of New Zealand
Westpac

Nature of Business

Charitable Trust – Charities Commission registration number CC27593

Location of Business

The Refectory
Massey University
Palmerston North

Solicitor

Buddle Findlay, Auckland

Honorary Treasurer

Keith Wedlock (FCA)



Massey University Foundation Trust

Statement of Comprehensive Revenue and Expense For the Year Ended 31 December 2024

	<i>Note</i>	<i>2024</i> <i>\$'000</i>	<i>2023</i> <i>\$'000</i>
Revenue			
Gifts	3	5,083	4,423
Legacies	3	1,280	97
Grants	3	25	89
Distributions from Invested Funds	3, 6	1,370	1,016
Net gains from Invested Funds at fair value through surplus or deficit	3, 6	10,133	4,443
Interest	3, 6	106	116
Other Revenue	3	-	31
Total Revenue		17,997	10,214
EXPENSES			
Audit Fees		25	25
Administration Fees		917	-
Distributions and Grants	4	3,127	4,226
Investment Management Fees		243	210
Bank Fees		1	0
Total Expenses		4,312	4,460
Total Comprehensive Revenue and Expense	2	13,685	5,754

The accompanying Notes to the Financial Statements form part of and are to be read in conjunction with these statements.

Massey University Foundation Trust

Statement of Changes in Equity For the Year Ended 31 December 2024

	<i>Note</i>	<i>2024</i>	<i>2023</i>
		\$ '000	\$ '000
Balance at 1 January		62,010	56,257
Total Comprehensive Revenue and Expense		13,685	5,754
Balance at 31 December	2	75,695	62,010

The accompanying Notes to the Financial Statements form part of and are to be read in conjunction with these statements.

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Massey University Foundation Trust

Statement of Financial Position

As At 31 December 2024

	Note	2024 \$ '000	2023 \$ '000
CURRENT ASSETS			
Cash and Cash Equivalents	5, 9	1,236	687
Debtors and Other Receivables	7, 9	481	44
Other Financial Assets	6, 9	450	1,018
Total Current Assets		2,168	1,749
NON-CURRENT ASSETS			
Other Financial Assets	6, 9	74,255	60,610
Total Non-Current Assets		74,255	60,610
TOTAL ASSETS		76,423	62,359
CURRENT LIABILITIES			
Creditors and Other Payables	8, 9	727	348
Total Current Liabilities		727	348
NET ASSETS		75,695	62,010
Represented by:			
FOUNDATION EQUITY			
Foundation Equity	2	75,695	62,010
TOTAL EQUITY		75,695	62,010

For and on behalf of the Foundation:



 (Trustee)

7 May 2025

 (Date)



 (Trustee)

7 May 2025

 (Date)

The accompanying Notes to the Financial Statements form part of and are to be read in conjunction with these statements.



Massey University Foundation Trust

Statement of Cash Flows For the Year Ended 31 December 2024

	Note	2024 \$ '000	2023 \$ '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from			
Gifts, Legacies & Grants		5,949	6,625
Interest		107	122
Distributions from Invested Funds		1,370	1,016
Other Revenue		0	31
Net GST		3	-
		<u>7,430</u>	<u>7,795</u>
Cash was applied to			
Distributions and Grants		3,128	4,051
Net GST		0	4
Payments to suppliers		809	228
<i>Net Cash Flows from / (to) Operating Activities</i>		<u>3,494</u>	<u>3,512</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from			
Withdrawal of Investments		1,249	1,564
Withdrawal of Term Deposits		605	596
Cash was applied to			
Purchase of Term Deposits		37	971
Purchase of Investments		4,762	6,239
<i>Net Cash Flows from / (to) Investing Activities</i>		<u>(2,945)</u>	<u>(5,049)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from			
Capital Injection		-	-
Cash was applied to			
Distribution of Retained Revenue		-	-
<i>Net Cash Flows from / (to) Financing Activities</i>		<u>-</u>	<u>-</u>
Net Increase/(Decrease) in cash and cash equivalents		549	(1,537)
Cash and Cash Equivalents at the beginning of the year		687	2,224
Cash and Cash Equivalents at the end of the year	5	<u>1,236</u>	<u>687</u>

The accompanying Notes to the Financial Statements form part of and are to be read in conjunction with these statements.

NOTES TO THE FINANCIAL STATEMENTS

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Massey University Foundation Trust

1. Statement of Accounting Policies

Reporting entity

Massey University Foundation Trust (the Foundation) is domiciled in New Zealand and is a charitable trust for the benefit of Massey University. It has held charitable status since 2004. The Foundation has designated itself as a public benefit entity with all applicable public benefit entity exemptions being adopted.

The financial statements of the Foundation are for the year ended 31 December 2024. The financial statements were authorised for issue by the Trustees on 7 May 2025.

BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the year.

Statement of Compliance

The financial statements are prepared in accordance with the trust deed, the Charities Act 2005 and New Zealand Generally Accepted Accounting Practice (NZ GAAP) where defined. The financial statements comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and other applicable Financial Reporting Standards as appropriate for a Tier 2 Public Benefit Entity in accordance with the Tier 2 Public Benefit Entity reduced disclosure regime (RDR). The Foundation qualifies as a Tier 2 reporting entity as it does not have public accountability and is not 'large' as defined by XRB A1.

Measurement Base

The financial statements have been prepared on an historical cost basis except for Managed Funds and Private Equity which have been measured at fair value.

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Foundation is New Zealand dollars (NZ\$).

Summary of Significant Accounting Policies

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

- Non-exchange Gift Revenue – refer to Note 3.



Massey University Foundation Trust

1 Statement of Accounting Policies (continued)

Goods and Services Tax

The Foundation is GST registered. All of the amounts included in the Statement of Comprehensive Revenue and Expense and Statement of Financial Position are stated on a GST exclusive basis except debtors and other receivables and creditors and other payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

Income Tax

The Foundation has received confirmation from the Commissioner of Inland Revenue for Exemption from Income Tax and Resident Withholding Tax by way of Charitable Status. The Foundation is registered with the Charities Commission as a charitable organisation. Accordingly, no charge for income tax has been provided for.

Statement of Trust Relationship

The Foundation Trust Deed sets out the specific powers of the board in the First Schedule. Under the First Schedule of the Trust Deed the Board's powers may only be exercised to further the charitable purposes of the Foundation or to further purposes which are incidental or ancillary to the charitable purposes of the Foundation.

2. Equity

Accounting policy

Equity is measured as the difference between total assets and total liabilities.

FOUNDATION EQUITY	01/01/24			31/12/24	
	Opening	Transfers	Surplus	Funds	Closing
	Balance			Movement	Balance
	\$000	\$000	\$000	\$000	\$000
Retained Earnings	62,010	-	13,685	-	75,695
TOTAL FUNDS EMPLOYED	62,010	-	13,685	-	75,695

FOUNDATION EQUITY	01/01/23			31/12/23	
	Opening	Transfers	Surplus	Funds	Closing
	Balance			Movement	Balance
	\$000	\$000	\$000	\$000	\$000
Retained Earnings	56,257	-	5,754	-	62,010
TOTAL FUNDS EMPLOYED	56,257	-	5,754	-	62,010

Massey University Foundation Trust

2 Equity (continued)

Section 8.2 of the trust deed states: If the Board accepts a Designated Gift it must keep that Designated Gift and any income derived from it separate from the general assets of the Trust Fund, and administer (or appoint a committee in accordance with rule 15 of the Second Schedule to administer) it as a separate specific trust in terms of the trust under which it was given.

	2024	2023
	\$000	\$000
Total amount of Trust funds held for specific purpose	75,532	61,891
Total amount of Trust funds held for general purpose	<u>164</u>	<u>119</u>
	75,695	62,010

Trust funds have been categorised by their primary distribution type.

Trust Categories

	1/01/2024				31/12/2024
	Opening Balance	Income	Expenditure	Capital Transfers	Closing Balance
	\$000	\$000	\$000	\$000	\$000
Scholarships	34,606	9,391	1,788	0	42,209
Research	20,715	6,717	1,293	0	26,139
Other	6,022	1,700	1,112	0	6,610
Prizes	589	179	26	0	743
Capital	79	10	93	0	-5
Total	62,010	17,997	4,312	0	75,695

3. Revenue

Accounting Policy

Revenue is measured at the fair value of consideration received or receivable.

The specific accounting policies for significant revenue items are explained below:

Revenue from Exchange Transactions

Exchange transactions are those where there has been an exchange of resources of approximately equal value between the Foundation and another party.

Distributions and gains and losses from financial instruments are recognised at fair value through surplus or deficit.

Interest income is recognised using the effective interest method.

Revenue from Non-Exchange Transactions

Non-exchange transactions are those where the Foundation receives an inflow of resources (i.e. cash and other tangible or intangible items) but provides no (or nominal) direct consideration in return.

Donations and bequests are recognised as income when the right to receive the fund or asset has been established. For grants, the total funding receivable under the contract is recognised as revenue immediately, unless there are substantive conditions in the contract. If there are substantive conditions, revenue is recognised when the conditions are satisfied.

Pledges are not recognised as assets or revenue until the pledged item is received.

Massey University Foundation Trust

3. Revenue (continued)

Critical Judgements In applying accounting policies

Non-Exchange Gift Revenue

Judgement is required in determining the timing of revenue recognition for arrangements that span a balance date and multi-year arrangements. In this case consideration is given to the nature of the arrangement, any conditions attached, past practice of the parties and enforceability of the arrangement.

Breakdown of Exchange and Non-Exchange Revenue

	2024 '000	2023 \$ '000
Revenue from Non-Exchange Transactions		
Gifts	5,083	4,423
Legacies	1,280	97
Grants	25	89
Other Revenue	-	25
Total Revenue from non-exchange transactions	6,388	4,633
Revenue from Exchange Transactions		
Distributions from Invested Funds	1,370	1,016
Net gains from Invested Funds at fair value through surplus of deficit	10,133	4,443
Interest	106	116
Other Revenue	0	6
Total Revenue from exchange transactions	11,609	5,581
Total Revenue	17,997	10,214

4. Distributions and Grants

Accounting Policy

Distributions and grants are recognised once the application has been approved and any terms of the distribution or grant have been met. Applications are assessed to ensure that distributions and grants are made in accordance with the donor's intentions and are consistent with the Foundation's charitable purpose. A payable liability is recognised for any distributions and grants that have been approved, for which terms are met but are not yet paid at year end.

	2024 \$'000	2023 \$'000
Research	681	1,064
Scholarships	1,063	1,146
Academic Chairs	554	453
Donations, Grants, Prizes	751	897
Other	78	666
Total Distributions and Grants	3,127	4,226

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5. Cash and Cash Equivalents

Accounting Policy

Cash and cash equivalents are categorised as amortised cost for the purposes of measurement. Further details of the measurement policy are included in note 6. Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of more than 90 days.

	2024	2023
	\$ '000	\$ '000
Cash at Bank	231	109
Call Deposits	1,005	578
Total	1,236	687

6. Other Financial Assets

Accounting Policy

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit. Impairment losses are recognised immediately in the surplus or deficit. The classification of a financial asset depends on its cash flow characteristics and the Foundation’s management model for managing them.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Foundation has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purposes of measurement:

- fair value through surplus or deficit; and
- amortised cost.

Financial assets at fair value through surplus or deficit

Financial assets that do not meet the criteria to be measured at amortised cost or fair value through other comprehensive revenue and expense (FVTOCRE) are classified and subsequently measured at fair value through surplus or deficit (FVTSD).

Financial assets measured at fair value through surplus or deficit include financial assets held for trade that are not held either under a management model whose objective is to hold assets to collect contractual cash flows or whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Investment in Managed Funds

The Foundation invests most of its portfolio of assets with Nikko Asset Management Limited (formerly Tyndall Investment Management Limited) and Milford Asset Management Limited. As part of the regular meeting schedule the trustees discuss the asset mix and weighting of the portfolio making recommendations on a best endeavours approach based on the current investment environment and likely future. Any adjustments that are recommended are discussed with Nikko Asset Management Limited and Milford Asset Management Limited before being enacted. The fair value of investments traded in an active market is based on quoted market prices as at balance date. The quoted market price used is the current bid price. While the Foundation has the ability to draw funds out of the managed funds there is no intention to do so in the next 12 months as they are held for long-term strategic purposes.

Massey University Foundation Trust

6. Other Financial Assets (continued)

Investment In Private Equity

The Foundation invests a small portion of its portfolio of assets with Continuity Capital, a private equity fund manager. The Foundation is a limited partner in two funds – Fund 4 and Fund 6 - for which 88% and 68% of the total agreed investments have been called respectively as at 31 December 2024. The remaining funds are expected to be called over the next three years. The fair value of this investment is determined using valuation techniques as the investment is not traded in an active market. These techniques comply with the International Private Equity and Venture Capital Valuation Guidelines.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as current assets. After initial recognition financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit. Fair values are determined by market prices.

All other financial assets in the measurement category are designated as being at fair value through surplus or deficit at initial recognition and are classified as non-current assets. After initial recognition these assets are valued at fair value which is based on the Net Asset Value unit price. The Net Asset Value is determined by the fund managers using industry best practice as set out in the Private Equity and Venture Capital Valuation Guidelines.

Financial assets at amortised cost

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset. Financial assets in this category include cash and cash equivalents, receivables and term deposits

Expected credit loss allowance (ECL)

The Foundation recognises an allowance for ECLs for all financial assets not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to the Foundation in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Foundation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Foundation's historical experience and informed credit assessment and including forward-looking information.

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6. Other Financial Assets (continued)

	2024	2023
	\$ '000	\$ '000
Current Portion		
Short-term deposits with maturities of 91 - 365 days		
Opening Balance	1,018	643
Capital		
New Funds	0	954
Investment Activity		
Interest Earned	37	17
Funds Withdrawn	605	(596)
	<u>642</u>	<u>374</u>
Total Current Portion of Other Financial Assets	450	1,018
Non-Current Portion		
Invested Funds at Fair Value through Surplus or Deficit		
Opening Balance	60,610	51,493
Capital		
New Funds	3,392	5,223
Funds withdrawn	(1,249)	(1,564)
	<u>2,142</u>	<u>3,659</u>
Investment Activity		
Distributions from Invested Funds	1,370	1,016
Net gains/(losses) from Invested Funds at fair value through surplus or deficit	10,133	4,443
	<u>11,503</u>	<u>5,459</u>
Closing Balance	74,255	60,610
Represented by:		
Capital Stable Assets		
Cash New Zealand	6,674	5,860
Fixed Interest New Zealand	6,960	6,108
Fixed Interest Off Shore	6,798	6,162
	<u>20,432</u>	<u>18,131</u>
Equities		
Equities New Zealand/Australia	18,175	15,443
Equities Off Shore	32,290	24,060
	<u>50,465</u>	<u>39,503</u>
Alternatives		
Multi Strategy	3,358	2,977
	<u>3,358</u>	<u>2,977</u>
	<u>74,255</u>	<u>60,610</u>
Total Non-Current Portion of Other Financial Assets	74,255	60,610

Massey University Foundation Trust

7. Debtors and Other Receivables

Accounting Policy

Debtors and other receivables are recorded at the amount due, less an allowance for expected credit losses (ECL). The Foundation applies the simplified model of recognising ECL for short-term receivables.

In measuring ECLs, receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on days past due. A provision matrix is then established based on historic credit loss experience.

Debtors and Other Receivables were made up of Foundation revenue (including related party revenue) and prepaid expenses. At balance date there were no debtors past due. ECLs were assessed and none were recognised.

	2024 \$ '000	2023 \$ '000
Debtors from Non-Exchange Transactions	477	5
Other Receivables from Non-Exchange Transactions	1	34
<i>Total Receivables from Non-Exchange Transactions</i>	<u>477</u>	<u>39</u>
Debtors from Exchange Transactions	1	-
Other Receivables from Exchange Transactions	4	5
<i>Total Receivables from Exchange Transactions</i>	<u>4</u>	<u>5</u>
Total Debtors and Other Receivables	<u>481</u>	<u>44</u>

8. Creditors and Other Payables

Accounting Policy

Short-term creditors and other short-term payables are recorded at the amount payable.

Creditors and other Payables were made up of research grants, scholarships, donations and fees. They are non-interest bearing and are normally settled on 30-day terms.

	2024 \$ '000	2023 \$ '000
Creditors and Other Payables from Non-Exchange Transactions	267	268
<i>Total Creditors and Other Payables from Non-Exchange Transactions</i>	<u>267</u>	<u>268</u>
Creditors and Other Payables from Exchange Transactions	460	80
<i>Total Creditors and Other Payables from Exchange Transactions</i>	<u>460</u>	<u>80</u>
Total Creditors and Other Payables	<u>727</u>	<u>348</u>

Massey University Foundation Trust

9. Financial Instrument categories

	2024	2023 \$
	'000	\$ '000
FINANCIAL ASSETS		
Financial Assets at Fair Value through Surplus or deficit		
Managed Funds	70,984	58,071
Private Equity	3,271	2,539
<i>Total Financial Assets at Fair Value through Surplus or Deficit</i>	<i>74,255</i>	<i>60,610</i>
Financial Assets at Amortised Cost (Loans and Receivables)		
Cash and Cash Equivalents	1,236	687
Term deposits with maturities over 90 days	450	1,018
Debtors and Other Receivables	481	44
<i>Total Financial Assets at Amortised Cost</i>	<i>2,168</i>	<i>1,749</i>
FINANCIAL LIABILITIES		
Financial Liabilities at Amortised Cost		
Creditors and Other Payables	727	348
<i>Total Financial Liabilities at Amortised Cost</i>	<i>727</i>	<i>348</i>
Maturity analysis and effective interest rate		
Short-term deposits with maturities 90 days or less	224	-
Weighted average interest rate	4.30%	-
Short-term deposits with maturities over 90 days	450	1,018
Weighted average interest rate	5.22%	5.19%
The fair value of Term Deposits are as follows:		
Short-term deposits with maturities 90 days or less	224	-
Short-term deposits with maturities over 90 days	450	1,018

10. Related Parties

The Foundation is a controlled entity of Massey University, as the Trustees of the Foundation are appointed by the Vice-Chancellor of the University.

Massey University provided staffing, provision of buildings and equipment to the value of \$917,061. This was on-charged to the Foundation in 2024 and is shown in the Statement of Financial Performance as Administration Fees. (2023: Massey University paid and provided staffing, provision of buildings and equipment to the value of \$690,199. This was not on charged to the Foundation). Following the change in 2024 to payment of the Administration Fee, the Foundation no longer makes a Foundation Fee distribution to the University as it has in previous years.

Massey University Foundation Trust

10. Related Parties (continued)

Related party disclosures have not been made for transactions with Massey University that are:

- ☐ within a normal supplier or client/recipient relationship; and
- ☐ on terms and conditions no more or less favourable than those that are reasonable to expect that the Foundation would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with Massey University are not disclosed as related party transactions when they are consistent with the normal operating arrangements between such entities and undertaken on the normal terms and conditions for such transactions.

There were no other transactions between the Foundation and other related parties.

Key Management Personnel

The director is a full time equivalent of 1.0 and remuneration is employed by Massey University. The director and the board members are the key management personnel.

Board remuneration.

The full-time equivalent for board members has been determined based on the frequency and length of board meetings and the estimated time for members to prepare for meetings. This has been calculated as 0.05 of a full time equivalent for all board members combined. None of the board members are remunerated.

11. Commitments

At 31 December 2024, the Foundation had commitments of \$1,170,000 (2023: \$1,917,500) relating to the uncalled portions of the private equity investments. The remaining calls on these investments are expected to be made over the next three years.



Independent Auditor's Report

To the readers of the Massey University Foundation's financial statements for the year ended 31 December 2024

The Auditor-General is the auditor of the Massey University Foundation (the Foundation). The Auditor-General has appointed me, Stephen Lucy, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Foundation on his behalf.

Opinion

We have audited the financial statements of the Foundation on pages 5 to 19, that comprise the statement of financial position as at 31 December 2024, 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 Foundation:

- present fairly, in all material respects:
 - its financial position as at 31 December 2024; 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 the Public Benefit Entity Standards Reduced Disclosure Regime.

Our audit was completed on 7 May 2025. 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 Foundation 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 Foundation for assessing the Foundation'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 liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

The Trustees' responsibilities arise from clauses 19 and 20 of the Second Schedule of the Trust Deed of the Foundation.

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 Foundation'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 Foundation'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 Foundation 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 3 to 4, 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 Foundation in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners

(including International Independence Standards) (New Zealand) (PES 1) issued by the New Zealand Auditing and Assurance Standards Board.

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

A handwritten signature in blue ink, consisting of a large, stylized initial 'A' followed by a long horizontal stroke and a smaller, more complex flourish.

S B Lucy
Audit New Zealand
On behalf of the Auditor-General
Palmerston North, New Zealand