STATEMENT OF INTENT

FOR THE YEAR TO 30 JUNE 2027 AND THE FOLLOWING TWO FINANCIAL YEARS

This document is the Venture Taranaki/Te Puna Umanga Statement of Intent for the purposes of the *Local Government Act 2002*.

CHAIR’S COMMENT

Grant McQuoid
Chair

PURPOSE

In accordance with the Local Government Act 2002 (LGA), this annual Statement of Intent (SOI):

1. Publicly states the activities and intentions of Venture Taranaki Trust for the year to 30 June 2027 and the following two financial years, and the objectives to which these activities contribute,
2. Provides the opportunity for New Plymouth District Council, as shareholder, to influence the direction of Venture Taranaki Trust,
3. Provides the basis for Venture Taranaki Trust's accountability to its shareholder.

This SOI reflects the expectations of New Plymouth District Council as set out in their Statement of Expectation.

The content of the SOI is specified in Schedule 8 of the Local Government Act 2002.

TRUST OBJECTIVES

Venture Taranaki's objectives are set out in its founding trust deed (Appendix 1) which are summarised as:

1. Provide leadership and support for the development and implementation of local, regional, and national strategies for the creation of a vibrant and prosperous Taranaki regional economy.
2. Facilitate, promote, encourage, and support sustainable enterprise growth, investment, and employment opportunities in the Taranaki region.
3. Support the region's commercial enterprises, large and small, mature or start-up, to establish, flourish and prosper.

ABOUT TE PUNA UMANGA VENTURE TARANAKI

Venture Taranaki Trust (VTT) is a Council Controlled Organisation owned by New Plymouth District Council and responsible for regional development and tourism-based promotion activities in Taranaki.

Venture Taranaki is a Trust incorporated under the *Charitable Trusts Act 1957* but does not meet the criteria for a registered charity under the *Charities Act 2005*.

The VTT Board have successfully responded to the need for clear strategic direction and accountability, and are continuing to implement changes. In 2025 VTT built and launched its Direct Economic Impact (DEI) framework, which incorporates sector-specific multipliers for forecasting economic benefit, and enables data gathering to assess the impact of VTT's work in terms of revenue, jobs and investment. Other benefits such as those related to social, cultural, environmental and wellbeing measures are also taken into account.

This data informs VT's reporting, and supplements reporting against its workplans and general KPIs. DEI forecasting and benchmarking is underway, with reporting against this framework to start in 2026/27.

THE BOARD OF TRUSTEES' APPROACH TO GOVERNANCE

Governance of Venture Taranaki Trust is the responsibility of the Board of Trustees. Operations of the organisation are the responsibility of the Chief Executive who reports to the Chair of the Board of Trustees.

The duty of the Board of Trustees is set out in the Trust deed (Appendix 1).

Trustees are appointed by New Plymouth District Council in accordance with its Appointment and Remuneration of Directors of Council Organisations Policy and the Venture Taranaki Trust Deed.

THE NATURE AND SCOPE OF ACTIVITIES TO BE UNDERTAKEN

The nature and scope of the activities to be undertaken by Venture Taranaki are guided by the Venture Taranaki strategic framework and supporting performance and accountability impacts and measures (Figure 1).

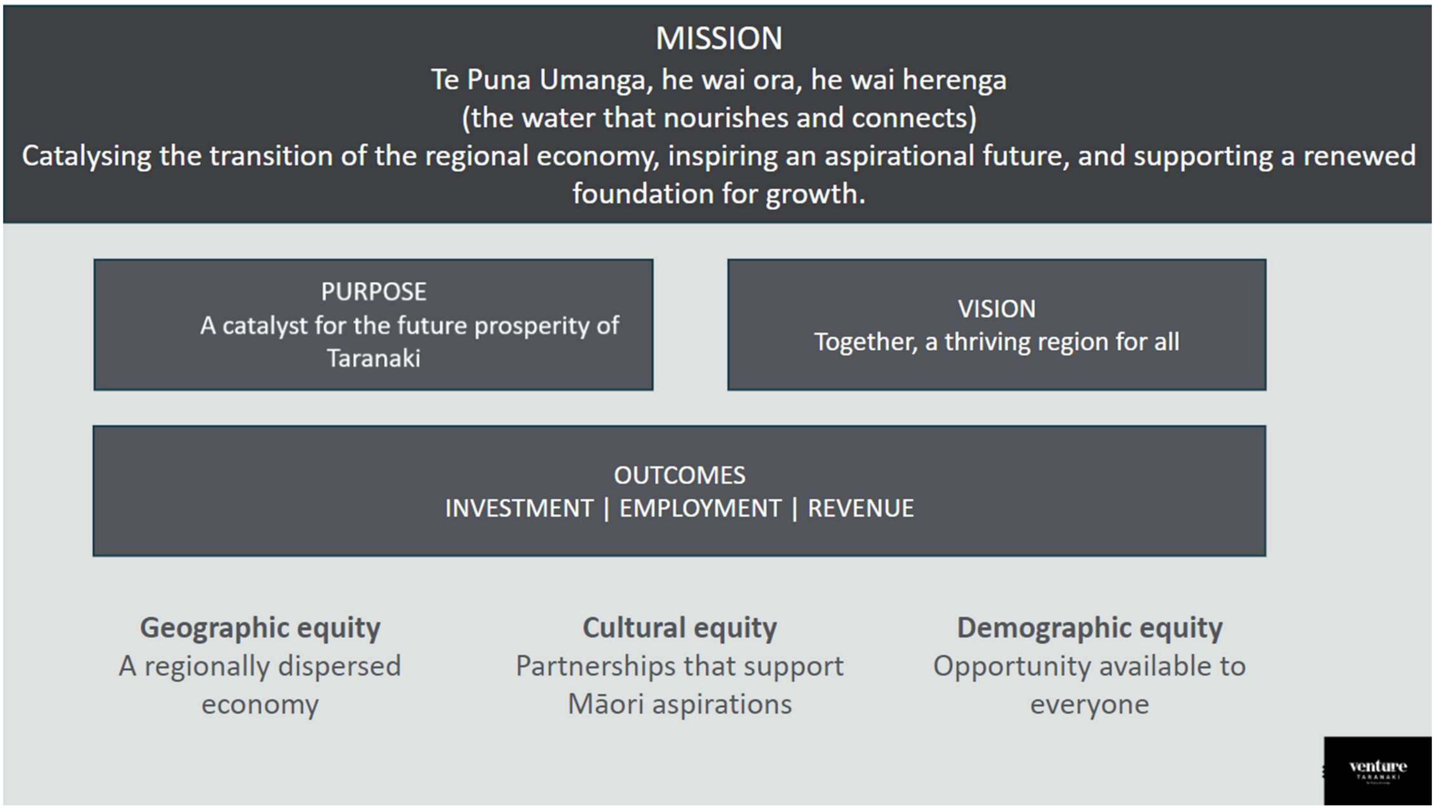
TE TIRITI O WAITANGI PARTNERSHIP

Venture Taranaki is committed to upholding and honouring Te Tiriti o Waitangi as part of its operations and governance. This includes seeking partnership and collaboration with Ngā Iwi o Taranaki, Māori, and Māori organisations across all areas of work, as required and as appropriate.

VENTURE TARANAKI PERFORMANCE FRAMEWORK

Venture Taranaki's strategic direction is set by its Board, and aligned with the strategic objectives of Tapuae Roa, the Economic Development Strategy for Taranaki, which was adopted in 2017 and updated in November 2024 (Appendix 2).

This Strategic Framework reflects the Statement of Expectation and articulates the Mission, Vision and Purpose of Venture Taranaki within the wider Regional Strategy environment of Taranaki.



COMMUNICATION

Venture Taranaki will continue to promote the value it adds to the community at all opportunities where appropriate and grow engagement with the wider community through proactive communication and events.

Stakeholder communications and strategic partnerships will continue as a focus for VTT. Stakeholders include, but are not limited to; customers, funders, industry, partners and other groups with a material interest in the activities of VT. Reporting on key stakeholder relationships and activities will continue through 2026/27.

Venture Taranaki will provide early advice to Council on risks they have identified as facing the Taranaki economy or VTT itself.

MEASUREMENT FRAMEWORK

The Measurement Framework articulates four levels of measurement:

- Performance measures: KPIs against activities/outputs to ensure agreed levels of service are delivered. These are reported quarterly in the form of a dashboard.
- Direct Economic Impact (DEI) Framework. This will accumulate data over the next 3-5 years and will be reported in the form of a progress report from financial year 2026/27 onward.
- Project value measures: progress tracking for planned projects. These are reported quarterly in the form of project updates, with metrics as required.
- Client satisfaction: VTT will replace its annual Client Satisfaction Survey with regular surveys specific to events and services throughout the year. This is to encourage a more timely and relevant response, and initial testing shows an improved response rate.

KEY PERFORMANCE INDICATORS 2026/27 – REPORTED QUARTERLY

Measures in dark blue below are contained in the NPDC Long Term Plan. They form the base of reporting KPIs for the duration of the Long Term Plan (2024-2034). In addition to the Long Term Plan KPIs from our Shareholder, the Board of Venture Taranaki may set further performance metrics for the organisation appropriate to the delivery of projects and programmes for that financial period.

Activity		KPI
Promote the New Plymouth District and the Taranaki region as a vibrant and desirable place to work, live, learn, play and invest.	**Number of major events attracted or retained (funded in accordance with the criteria of the major events fund).**	**6**
Facilitate, promote and support sustainable business growth, innovation, investment and employment opportunities in Taranaki.	**The annual additional funding secured for the provision of regional development programmes, projects and services into Taranaki in line with regional strategy such as Tapuae Roa.**	**20% of total funding**
	Client satisfaction across all business support services, events, programmes and initiatives.	**Net promoter score (NPS) 40+**
	Number of events, programmes or initiatives to drive change and support regional strategy objectives such as Tapuae Roa and Taranaki 2050.	**10**
	Performance measures and reporting requirements of external contracts (such as central government) are achieved.	**90%**

DIRECT ECONOMIC IMPACT (DEI) FRAMEWORK

Venture Taranaki's DEI framework (appendix 3) has three core levels:

1. Strategic DEI – this level considers the comparative value of different economic development approaches, for example investing in tourism vs food & fibre, or investing in startups vs industry clusters. For this we use economic multipliers (formulated by economists at Infometrics) that consider direct, indirect and induced economic benefits. This level of analysis helps to inform regional strategy discussions and enables the VTT board to direct the resources of VTT in a way that maximises the economic benefit of interventions.
2. Proposed DEI – this level considers the comparative value of specific economic development interventions, for example a regional promotion campaign or a business incubator programme. The economic multipliers are applied, and the benefit over time is considered alongside total benefit. This is done using a Business Case process, that also accounts for risk of delivery and considers broader community, social and environmental benefits. This level of analysis helps to inform VTT's business planning, budgets and work programme.

3. Realised DEI – this level collects data directly from client businesses with an automated five-year survey programme, which is securely stored, amalgamated and analysed as a DEI Data Bank. In addition, VTT uses update reports from reputable data providers such as Infometrics, Tourism Insights User Group, NZ.Stat and Marketview to consolidate and report on progress. This level of analysis demonstrates the real-world benefits of interventions and enables VTTs board and management to adapt and refine its approach and reforecast the proposed DEI as appropriate.

The internal framework for collecting this Data Bank is now in place and data benchmarking is underway. This will continue through the 2026/27 financial year, and reports will be shared as data is accumulated.

Activity	Jobs	Revenue	Investment
Economic Development (Enterprise support)	Client* enterprise employee numbers are recorded, amalgamated and reported over time.	Client enterprise revenue numbers are recorded, amalgamated and reported over time.	Investment attracted into client enterprises is recorded, amalgamated and reported over time.
Strategic projects (Sector projects and Economic Enabler programmes)	Job creation is estimated at outset of project (pDEI) and evaluated as milestones are achieved (rDEI)	Revenue/GDP is estimated at outset of project (pDEI) and evaluated as milestones are achieved (rDEI)	Investment attracted into regional projects is recorded, amalgamated and reported over time.

*Client enterprises are defined as any business or organisation that has accessed Venture Taranaki support services and has been identified as a client. Qualifying services are defined and updated annually.

Formal DEI reporting, along with any proposed and reforecast DEI, will be included in Annual Reports from FY 2026/27.

REPORTING

A quarterly report will be provided to the CCOs Committee within two months of the end of each quarter. The Board approved Annual Report will be provided to the CCOs Committee within three months of year end.

The half-yearly and end-of-year reports will be appropriately detailed and include updates on all measures and activities (where applicable). The quarter one and three reports will be less detailed dashboard style reports.

The VTT Board Chair, or in their absence a Board member, will attend CCO Committee meetings to present quarterly updates. The Chief Executive and/or management may attend to answer questions for clarification as required. CCO Committee Briefings will be led by the Chair or in their absence a Board member. VTT Management may attend to answer questions and present any detailed information as required.

VTT will support NPDC in its commitment to emissions reductions by monitoring its own carbon footprint, and continuing to minimise where possible and appropriate. This carbon footprint, along with any agreed initiatives, will be reported in half-yearly and end-of-year reports.

CLIMATE CHANGE REPORTING

VTT will support NPDC in its commitment to Climate Related Disclosures using a fit-for-purpose reporting framework as defined by NPDC, and as appropriate to the size and resourcing of the organisation.

VTT will continue to monitor its own carbon footprint, and minimise where possible and appropriate. This carbon footprint, along with any agreed initiatives, will be reported in half-yearly and end-of-year reports.

Full financial reporting will continue to be provided on a six-monthly basis via the Interim Financial Report and the Annual Report.

ACCOUNTING

VTT will meet reporting deadlines. This includes providing a trial balance and additional disclosure information to Council and delivery of fully audited financial statements to fit the Council Annual Report and Audit schedule at Financial Year End, to be agreed annually in advance.

VTT will provide a quarterly trial balance to Council Officers by the 12th working day of the month following or as agreed.

Financial reports will represent a fair view of the organisation's financial performance and position of the reporting period being presented to Council.

VTT interim and annual financial statements will comply with the appropriate generally accepted accounting standards (currently being Public Benefit Entity) and the financial reporting requirements of the Local Government Act 2002.

VTT will manage the Trust's financial audit and resolve any audit issues raised in the "Report to the Board" on the audit.

The signed audit opinion and audit management report will be presented to the scheduled CCOs Committee after it has been reviewed by the VTT Board.

VTT will be available to answer queries on their financial performance as and when requested by Council Officers or elected members.

Appropriate reconciliations of the financial accounts will comply with Audit expectations to ensure a smooth and timely audit process for the annual accounts.

ACCOUNTABILITY

In addition to the above measurement framework and reporting commitments, Venture Taranaki makes the following commitments to accountability:

A full breakdown of spending will be provided at the beginning of the financial year, showing proportional investment across key focus areas. Any significant variations will be advised as part of half-yearly reports.

REGIONAL STRATEGIES

VTT will continue to update the Council 6-monthly on the progress of Tapuae Roa actions assigned to VTT for delivery, and work with the Taranaki Mayoral Forum and Ngā Iwi o Taranaki on progressing the strategy as appropriate.

VTT will provide secretariat support to the Tapuae Roa Regional Strategy governance and advisory, as agreed with the VTT Board.

VTT should collaborate with, and support, key stakeholders in the community to provide support to enterprises, where appropriate.

2026/27 INVESTMENT AND PRIORITIES

NPDC funds the core activities of Venture Taranaki, as well as specific programme activity as defined in the business plan. This activity is supplemented by a significant programme of central government and externally funded work on a contract-for-service basis. A detailed explanation of budget breakdown and resource allocation has been provided separately.

Figure 1:

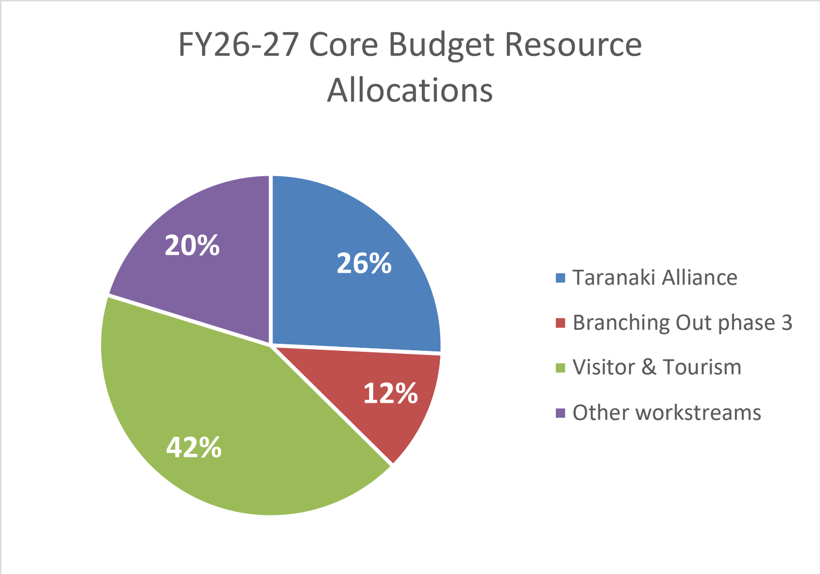


Figure 2:

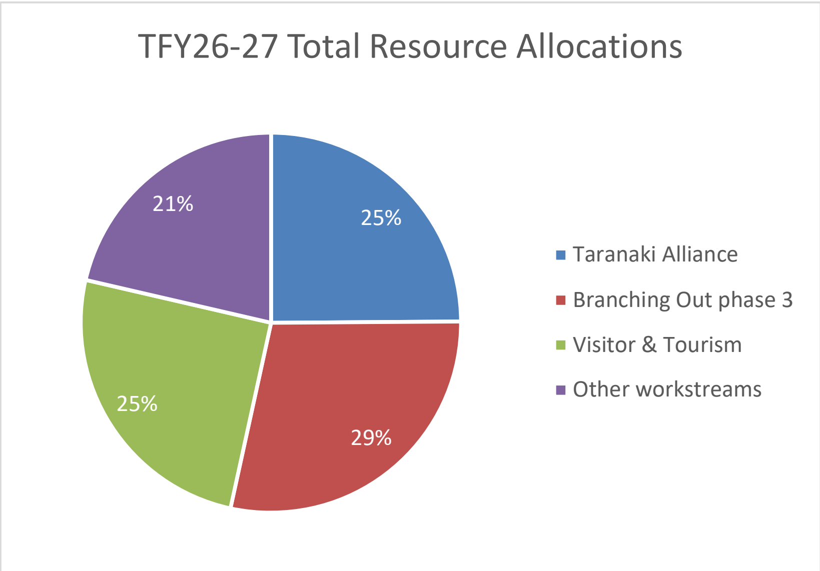


Figure 1 and Figure 2 show the breakdown of resources across the key focus areas for 2026/27. Figure 1 shows the breakdown of core (NPDC) funding. Figure 2 shows the breakdown of total funding, including external contracts.

A detailed workplan including business cases will be provided as an appendix to the final document.

NPDC INVESTMENT INTO VENTURE TARANAKI

The Trust requests the following investment from the New Plymouth District Council (per the Long-term Plan 2024-34). It is anticipated that inflation increases and associated cost of delivery may have a significant impact on the ability of Venture Taranaki to deliver at the current levels using the inflation rate applied.

Budget	Event Fund	Econ Development & Visitor Industry	Tapuae Roa/ ED Implementation	Total funding requested
2026-27	871,850	3,531,341	532,850	4,936,041
2027-28	888,378	3,646,893	645,836	5,181,107
2028-29	904,474	3,765,912	459,211	5,129,597
2029-30	919,847	3,878,889	472,987	5,271,723
2030-31	935,467	3,995,256	487,177	5,417,900
2031-32	951,335	4,115,113	501,792	5,568,240
2032-33	967,533	4,238,567	516,846	5,722,946
2033-34	983,981	4,365,724	532,351	5,882,056

EMPLOYER OBLIGATIONS

Venture Taranaki is committed to being a good employer as per the definition for a local authority under section 36 of the Local Government Act 2002. Venture Taranaki will meet these obligations and where and when possible and appropriate align practices, including remuneration, with NPDC.

FUNDING DIVERSIFICATION

Venture Taranaki will investigate potential sources of alternative revenue to support its activities in the delivery of economic outcomes for the region.

MAJOR EVENTS FUND

The annual Event Fund investment must only be used to deliver the Major Event Fund objectives to support tourism and vibrancy by attracting visitors to the region and promoting Taranaki nationally and internationally. Where the total of the Funding under this Agreement and any other money received by Venture Taranaki to support the Major Event Fund exceeds the amount of money committed to deliver the Major Event Fund objectives, Venture Taranaki must notify NPDC to seek permission to extend the timeframe of the funding into following year. If an extension is not granted, Venture Taranaki must upon request refund to NPDC the excess amount.

TAPUAE ROA – EMERGENT OPPORTUNITIES FUND

Venture Taranaki is guided by the vision, outcomes, and strategic priorities of NPDC as its shareholder. Additional strategic context is provided by the integrated regional vision, priorities, and actions from Tapuae Roa.

Venture Taranaki plays an important role in the implementation of the regional strategy and its associated goals and actions. Focused investment from NPDC ("Tapuae Roa funding") enables Venture Taranaki to undertake or facilitate specific actions within the remit or purview of Venture Taranaki. The Emergent Opportunities Fund within Tapuae Roa funding is intended to support specific emerging initiatives and projects that meet the criteria and align with Tapuae Roa strategy. The size of the Emergent Opportunities Fund is determined at the start of the financial year, and dependent on operational expense requirements and input from NPDC, as laid out in the SOE. Where the total of the fund exceeds the amount of money committed to deliver the Tapuae Roa objectives, VTT must notify NPDC to seek permission to extend the timeframe of the funding into the following year. If an extension is not granted VTT must upon request refund to NPDC the excess amount.

FORECAST STATEMENT OF REVENUE AND EXPENSES[1]

Prospective Statement of Financial Position

Prospective Statement of Comprehensive Revenue and Expenses

Prospective Statement of Changes in Equity

Prospective Statement of Cash Flows

All of the above in yellow are be updated in final version once business plans and budget are confirmed

[1] See the Statement of Accounting Policies for more details

APPENDICES

1. VENTURE TARANAKI TRUST DEED

Trust Deed Consolidated 2004 PLUS Variation of Deed 2007

2. TAPUAE ROA ACTION PLAN UPDATE

https://www.venture.org.nz/tapuae-roa/

3. RELATIONSHIP BETWEEN NPDC AND VENTURE TARANAKI

Venture Taranaki Trust is committed to a positive and constructive relationship with New Plymouth District Council as its shareholder. The following mechanisms will continue to be used to ensure this relationship enables open and honest sharing of information and the support of appropriate performance monitoring and accountability to the Council and the community:

- A shared focus on the development of the district and region, guided by the integrated regional vision, priorities and actions from Tapuae Roa and the Taranaki 2050 Roadmap.
- A shared focus on high quality service delivery guided by the key performance indicators set out in the SOI.
- Continuing the 'no surprises' approach that Venture Taranaki Trust's relationship with its shareholders is founded upon.
- Remaining cognizant of Council's sensitive expenditure policy.
- Remaining cognizant of Council's Environmental Sustainability Policy and assist in the achievement of priorities where and when appropriate.
- Six-monthly governance workshops between the Venture Taranaki Trust Board and New Plymouth District Councillors to discuss developments in the economy and Venture Taranaki's progress on the projects and activities in this Statement of Intent.
- Regular meetings between Venture Taranaki Trust and New Plymouth District Council CEOs.
- The Chief Executive of New Plymouth District Council (or their delegate) attending and participating as an observer at Venture Taranaki Trust Board meetings.
- Venture Taranaki Trust will always act in a manner consistent with the statutory obligations of NPDC and also those pursuant to agreements with third parties (including iwi, hapū or other Māori organisations).

Venture Taranaki Trust will also provide information to its shareholder that meets the requirement of all relevant statutes, including, the *Charitable Trusts Act 1957*, the *Local Government Act 2002* and the *Financial Reporting Act 2013*, to enable shareholders to make an informed assessment of the organisation's performance, including:

- An annual Statement of Intent in accordance with Section 64 of the Local Government Act 2002.
- Quarterly reports within two months of the end of each quarter in accordance with Section 66 of the Local Government Act 2002.
- An annual report within three months of the end of the financial year in accordance with Sections 67, 68 and 69 of the Local Government Act 2002.

4. STATEMENT OF ACCOUNTING POLICIES[2]

REPORTING ENTITY

Venture Taranaki Trust (the Trust, VTT) is a Charitable Trust incorporated in New Zealand under the Charitable Trusts Act 1957 and Trust Deed dated 27 May 1998 but does not meet the criteria for a registered charity under the Charities Act 2005. The Trust commenced operations on 1 July 1998 and is domiciled in New Zealand.

The Trust is a wholly owned subsidiary of New Plymouth District Council (NPDC) and is a Council Controlled Organisation (CCOs) as defined in Part 1 Section 6 of the Local Government Act 2002.

The Trust is a Tier 2 Public Sector Public Benefit Entity (PBE) for financial reporting purposes with a year-end date of 30 June.

BASIS OF PREPARATION

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

STATEMENT OF COMPLIANCE

The financial statements are prepared in accordance with the requirements of the Financial Reporting Act 2013, which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements are prepared in accordance with Tier 2 Public Sector PBE Financial Reporting Standards as issued by the New Zealand External Reporting Board (XRB). The financial statements comply with International Public Sector Accounting Standards Reduced Disclosure Regime (IPSAS RDR) and other applicable Financial Reporting Standards as appropriate to Public Sector PBE's. All reduced reporting disclosures have been made, except for PBE IPSAS 2 Statement of Cash Flows, as the Trust has elected to report Cash Flows on a Tier 1 basis.

The Trust is eligible to report in accordance with Tier 2 Public Sector PBE Accounting Standards on the basis that it does not have public accountability, and annual expenditure is between $5 million and $33 million.

The Trust is deemed a Tier 2 public benefit entity for financial reporting purposes, as its primary objective is to provide services to the community, and the Trust has been established with a view to supporting that primary objective rather than a financial return.

PRESENTATION CURRENCY AND ROUNDING

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

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and assumptions are made concerning the future and may differ from subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. GRANT REVENUE AND REVENUE RECEIVED IN ADVANCE

Council, Government, and Non-Government grants are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met.

If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Grant funding contracts covering specific expenditure will have revenue released to match expenditure. For grant funding earned upon achieving scheduled milestones, revenue will be released in accordance with contract terms upon milestone completion.

B. GRANT EXPENSES

Grants issued by the Trust are considered discretionary grants as the Trust has no obligation to award the grant on receipt of the grant application. Committed funding for Grants without substantive conditions are expensed when the grant is approved and communicated. Grants with substantive conditions are expensed at the earlier of the

[2] Scheduled for review in April 2026.

grant payment date or when the conditions are satisfied.

C. MAJOR EVENT GRANTS

The Trust makes grants to secure major events for the region. These are defined on an individual event basis and tranches are generally, but not exclusively, released at signing of the agreement to fund the event, commencement of promotion campaign, the event occurring and on receipt of statistical analysis of event outcomes versus expected event outcomes. The Trust will not provide a financial underwrite for any event it sponsors. The contract details when the grant conditions are met. Event commitments are not recorded in the financial statements.

D. CASH AND WORKING CAPITAL

Cash on hand is comprised of cash at bank and investments. Operating cash flow is defined as cash less income in advance. Income in advance records the amount of cash received in advance subject to funding restrictions, therefore may need to be repaid if the contract is not fulfilled.

Liquidity is defined as “current assets less current liabilities, excluding income in advance”. Cash flow shall be maintained at a minimum sufficient to cover forecast cash outflows until the next scheduled funding period, plus an allowance for any projects being funded in advance, and any committed funding. There is an expectation cash balances will be lower at quarter and year end due to the nature of grant funding.

E. RECEIVABLES

Amounts owing to the Trust are reviewed frequently for any debts outstanding and to consider any credit losses. The Trust must recognise an allowance for expected credit losses if losses are not considered immaterial. Currently no provision has been calculated due to the nature and timing of receivables for the Trust.

When an estimate of credit losses is required it will need to be made based on historical credit loss experience and adjusted for forward looking factors specific to the debtors and economic environment. The Trust will use a provision matrix for this estimate grouping debts with similar shared credit risk characteristics and based on days past due. Debts do not need to have objective evidence they will not be collected before creating a credit loss provision. Debts will be written off when there is no reasonable expectation of recovery of the debt. At this point, an authorized budget holder will approve the writing off of the bad debt, ensuring compliance with financial governance policies and delegation of authority.

F. EMPLOYEE ENTITLEMENTS

Employee benefits that are due to be settled within 12 months of the end of the period in which the employee renders the related service are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to the reporting date and annual leave earned to, but not yet taken at the reporting date. Since the Trust provides unlimited sick leave as a non-monetary benefit, sick leave is not accrued as a liability.

G. INTANGIBLE ASSETS

Intangible Assets are stated at cost less accumulated amortisation and impairment losses. Software acquisition Computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Direct costs include relevant professional fees, but do not include staff expenses for software developed by external providers.

For SaaS arrangements where the Trust pays a subscription to access the software the initial configuration and customisation costs paid to an external provider will be expensed, unless the Trust can prove an intangible asset has been created. An intangible asset is an identifiable non-monetary asset without physical substance that can be controlled by the Trust in order to obtain future economic benefits or service potential flowing from the underlying resource and restrict the access of others to those benefits. The Trust’s website and applications are example of intangible assets.

Staff training costs and costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the development and improvements of the Venture Taranaki website and Trust’s applications are recognised as an asset when incurred as they generate future economic benefits.

<u>Amortisation</u>

Intangible Assets are amortised on a straight-line basis over their estimated useful life. Amortisation begins when the asset is available for use and ceases at the date when the asset is disposed of. The amortisation charge for each year is recognised in surplus or deficit.

H. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably. In most instances, an item of property, plant, and equipment is initially recognized at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at its fair value when control over the asset is obtained.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are presented net in the surplus or deficit.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised as an expense as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis at rates calculated to allocate the asset's cost less estimated residual value, over the estimated useful life of the asset. As some of the estimated useful lives are different to rates prescribed by Inland Revenue, a separate tax depreciation register is kept to meet Inland Revenue requirements.

Major depreciation periods are:

Leasehold alterations	10 years
Fixtures and fittings	10 years
Office equipment	3-4 years
Motor vehicles	5 years (40% Residual Value)
Other fixed assets	3-10 years

The residual value and useful life of an asset are reviewed, and adjusted if applicable, at each financial year-end.

Impairment of Property, Plant, and Equipment and Intangible Assets

Property, plant, and equipment and intangible assets are reviewed for indicators of impairment as at each balance date. When there is an indicator of impairment, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

I. FOREIGN EXCHANGE EXPOSURE

Limits are set periodically, within the CE's Delegation of Authority, whereby foreign currency exposures above a defined level are fully hedged with forward exchange contracts.

J. DEBT LEVELS AND LEASE COMMITMENTS

There is currently no delegation from the Board to enter into debt arrangements. All leases are treated as operating leases; currently, there are no financial leases.

K. INVESTMENTS

(i) Surplus funds

Surplus funds will be invested solely with a reputable registered bank. The Trust's preferred banking partner is TSB Bank. Term investments held for more than 3 months are recorded at cost plus accrued interest. Investments held for less than 3 months are recorded in cash and cash equivalents.

(ii) Investment in associated companies

There is currently no delegation from the Board to invest in associated companies.

L. ACCOUNTING FOR TAX

The Trust is a Council Controlled Organisation for tax purposes as defined under the Local Government Act 2002. Even though the Trust is a not-for-profit organization, the Income Tax Act 2007 specifically excludes CCOs from getting a tax exemption. The Trust appoints a tax advisor to assist it with meeting its tax obligations. Effective from 1 July 2024, taxable profits exceeding $10,000 will be subject to a 39% tax rate, while profits up to and including $10,000 will be taxed at 33%.

The Trust accounts for both current and deferred taxes. Current tax is the amount payable to Inland Revenue in the current year with any taxes payable or refundable recorded on the Balance Sheet. Deferred tax is the amount of tax payable or recoverable in future periods in respect of unused tax losses and temporary differences in accounting and tax treatment such as depreciation and timing of provisions. Any profits or losses derived from assets or expenses funded by Government grants will need tax adjustments to achieve a tax neutral position.