

Greytown District Trust Lands Trustees

Management and Governance initial Representations

31 March 2020

Please complete the attached questionnaire.
If you need more space, please feel free to add extra pages.

Thank you for completing this questionnaire.

Completed by :	Kevin Murphy – General Manager
Signed:	
Date :	18 May 2020

Completed by :	W Regnault – Chairperson, Audit & Risk Committee
Signed:	
Date :	21 May 2020

Related party transactions

Question	Answer
1. Were there any material related party transactions during the year? (transactions with Trustees and Key Management Personnel, or their family members etc)	Yes
2. Identify the related party and nature of relationship. (Separate list if necessary)	See note 12 to draft financial statements issued for audit review.
3. Identify types of transactions (e.g. sales to and/or from, purchases to and/or from, debts forgiven or written off).	Ditto
4. Was the trust controlled by another organisation? If so disclose: <ul style="list-style-type: none">• name of controlling organisation• name of ultimate controlling organisations and/or persons	No
Additional Comments:	

Commitments

Question	Answer
1. Were there any capital commitments (contracts etc) entered into by your governing body prior to balance date, but not actioned until subsequent to balance date? If so, provide details.	No
2. Are there any commitments – operating or capital lease to pay arrangements (e.g. building rent, photocopier lease) at balance date? If so, provide details.	No
Additional Comments:	

Contingencies

Question	Answer
1. Was your organisation involved in any litigation at balance date?	No
2. Are you aware of any legal claims against the organisation?	No
3. Has the organisation used the services of a lawyer during the year?	Yes
4. Are there any pending warranty or other claims including disputes with creditors or IRD? If so, please provide details. (Note contingencies may be either potential gains or losses to your organisation)	No
5. How does management communicate to employees regarding its views on business practices and ethical behaviour and what procedures does management have in place to assess specific risk of fraud and to mitigate those risks?	See Fraud Risk Assessment - similar response applies as for communication of fraud.
Additional Comments:	

Events subsequent to balance date

Question	Answer
1. Were there any events which occurred subsequent to balance date which may affect the current period's audit? (e.g. fire, destruction of premises, destruction of accounting records, litigation, acquisition or sale of another business entity) Please provide details.	COVID19 lockdown impact (MMWA to confirm)
Additional Comments:	

Consideration of laws and regulations

Question	Answer
Has your organisation taken steps to ensure that there is compliance with all applicable governing laws and regulations? If any areas of doubt, provide details.	Yes
Additional Comments:	

Going Concern

Question	Answer
1. Are there events or conditions that appear to cast doubt on the entity's ability to continue as a going concern? If so, what is the basis for management's assessment of going concern?	No
2. Are there any events or conditions beyond 12 months that may cast significant doubt on the entity's ability to be a going concern?	No
Additional Comments:	

Financial effect of COVID-19 on your organisation

Please provide commentary about the financial effect of the COVID-19 pandemic including the nationwide Alert level four lock-down, on your organisation.

Include in the commentary, consideration about:

- the financial effect on your organisation during the financial reporting year under audit;
- the financial effect on your organisation in months following balance date to the date of audit sign off; and
- the expected financial effect on your organisation for the year after audit sign off.

Examples of considerations include the impact of:

- *cancellation of conferences & workshops and impact on membership subscriptions,*
- *supply chain breakdown,*
- *staff shortages,*
- *reduced stock levels,*
- *unavailability of debt finance or alternative finance,*
- *the impact of loan covenants,*
- *the recoverability of accounts receivables,*

2019/20 financial reporting year under audit

No financial effect.

Current (2020/21) financial reporting year

Rent revenue

As a responsible landlord the Trust considered rent only relief to all commercial tenants during the month of April (effectively the period of level 4 lockdown), irrespective of whether their leases make specific reference to their ability to claim such relief. The extent of actual relief subsequently given varied from tenant to tenant according to the Board's assessment of the impact of the level 4 lockdown on each of them. The extent of relief ranged from zero to 90%. The loss of commercial rent revenue for April is projected to be approx. \$22,000 exc GST.

At the same time Trustees agreed to provide 100% relief to community leasehold tenants equivalent to the rent due, after applying rent subsidy, on 3 and 6 monthly invoices issued in April. This relief amounted to approx. \$12,000 exc.GST.

The commercial tenant situation was reviewed by the Board early in May resulting in adjustment to tenant relief packages to reflect the effect of moving to lockdown level 3 and, at that time, the imminent prospect of a move to lockdown level 2. The loss of revenue for May is projected to be approx. \$10,000 exc. GST.

Collectively this represents approx. 5% of a year's rent revenue

Not all tenants, principal among them being the tenant that contributes approx. 20% of the Trust's monthly revenue have confirmed acceptance of the relief packages offered. As a result accounts receivable may increase in the short term until any disagreements are resolved.

Outgoings revenue

While allowing commercial tenants to delay payment of any April outgoings invoices they may have received, the Board did not agree to provide any relief. Instead, following the situation review at the beginning of May, it agreed to ease tenants' cashflow concerns by moving to monthly instalment rather than annual/quarterly billing of the two major outgoings of insurance and rates respectively. This billing arrangement was backdated to 1 April and the Trust has committed to applying it for this financial reporting year. (It is possible the Board will roll the arrangement forward beyond 31 March 2021).

While too late for insurance (the annual premium has already been paid by the Trust), the Board will be seeking a monthly rates payment arrangement with Councils to help offset the relatively minor loss of bank interest to the Trust that would otherwise occur from introducing this arrangement.

Future revenue impacts

Again, to help ease ongoing tenant cash flow concerns, the Board has agreed on a case by case basis not to implement imminent scheduled rent increases or has temporarily waived the right to seek rent reviews. This will impact rent levels beyond the current financial reporting year.

Depending on their individual circumstances it is possible too that despite the Trust's actions one or more of the Trust's tenants will still find themselves in the position of not being able to make their lease obligations, not renewing their leases and/or being forced to terminate early for financial reasons.

Given current uncertainty around COVID19's impact on the commercial leasing market, it is possible that property vacancies will be difficult to fill in future and therefore future rents will fall further.

Other impacts

Time will tell whether the shock to the national economy will be passed on in the form of increases in the cost of goods and services purchased by the Trust or via financial markets in the form of reduced interest on Trust investments.

Meetings

Question	Answer
1. How often are management or governing body meetings held?	Monthly
2. Are minutes signed by the Chairperson once they are approved?	Yes
3. Is a detailed summary of receipts and payments presented and approved at each meeting?	No
4. Is a summary of accounts payable and accounts receivable presented and approved at each meeting?	Yes
5. Are proper procedures for approving and seconding motions used and recorded?	Yes
6. Is an agenda prepared and circulated before each meeting?	Yes
Additional Comments:	

Constitution/ rules/ trust deed/ legislation governing doc.

Question	Answer
1. Have there been any changes to your organisation's legislation/ Trust Deed during the year? If "yes", please provide an amended copy.	No
Additional Comments:	