

Greytown District Trust Lands Trustees

Management and Governance initial Representations

31 March 2021

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 :	Paul Broughton – General Manager
Signed:	
Date :	18 May 2021

Completed by :	C Rossiter-Stead – Chairperson, Audit & Risk Committee
Signed:	
Date :	20 May 2021

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).	As above
4. Was the trust controlled by another organisation? If so disclose: <ul data-bbox="263 772 1002 873" 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.	No
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,*

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.

At the same time Trustees agreed to provide 100% relief to its 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 total loss of commercial rent revenue for the April/May period was \$53,526 exc. GST.

Collectively this represents approx. 7% of a year's rent revenue.

Outgoings revenue

While allowing commercial tenants to delay payment of any April outgoing 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' cash flow 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).

Future revenue impacts

Fortunately the overall impact of COVID19 on the portfolio has been minimal, for the most part due to the portfolio's lack of exposure to those sectors hardest hit during the year (Tourism, Hospitality and to a lesser extent, retail). Notwithstanding the potential for another level 4 lockdown, the Trust and its tenants are relatively well placed in terms of ongoing impact from COVID19 as it currently exists in NZ.

Other impacts

We have seen sharp increases in building material costs, supply chain constraints and record low yields in some sectors of the commercial property investment market given the historically low interest rates. A softening in the B & C grade office market demand is evident as organisations have come to understand how staff working remotely can be managed.

Meetings

Question	Answer
1. How often are management or governing body meetings held?	Bi 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:	