

Report to the Board

Greytown District Trust Lands Trustees

For the year ended 31 March 2022



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Introduction

Report purpose

This report details the processes, findings and recommendations from our audit of Greytown District Trust Lands Trustees' (the organisation's) performance report in accordance with International Standards on Auditing (NZ) ("ISA (NZ)") and the terms of our engagement as set out in our audit engagement letter.

We would like to thank Helga Perry and Rightway Chartered Accountants for their cooperation extended to us during the course of the audit.

Audit opinion

We have issued an unqualified audit opinion on the performance report of the organisation for the year ended 31 March 2022.

Audit scope and responsibilities

As auditors of the organisation we are responsible for forming and expressing an opinion on the performance report prepared by management with the oversight of governance. The audit of the performance report does not relieve management or those charged with governance of their responsibilities in relation to its preparation.

Overall, we are satisfied that the organisation has presented its results at the reporting date to an adequate level of compliance with applicable financial reporting standards.

We would like to emphasise that our audit work involves the review of only those systems and controls in your organisation upon which we rely on for audit purposes. Our examination may not have identified and should not be relied upon to identify all control weaknesses that exist.

Confirmation of audit independence

In conducting our audit, we are required to comply with the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Our own internal policies and procedures are put in place to identify any threats to our independence, and to appropriately deal with and, if relevant, mitigate those risks.

For the comfort of those charged with governance, we note that the following processes assist in maintaining our independence:

- No other work is permitted to be undertaken by any Moore Markhams office without the express approval of the audit engagement partner
- All services performed by any national Moore Markhams office will be reported to the those charged with governance.

We have no other relationship with, or interests in, the organisation.

Significant risk assessment conclusions

We have set out below our findings in areas we have identified as significant audit risks. We request that you review these outcomes on the significant accounting and audit matters identified to ensure that there are no further residual considerations or matters that could impact these issues, and that you concur with the resolution of the identified risks.

Risk identified	Background	Conclusion from work performed
Management override of controls	<p>There is a risk that controls can be circumvented by those in positions of management or governance, with a view to manipulating accounting records.</p> <p>Under ISA (NZ) 240 'The auditor's responsibilities relating to fraud in an audit of financial statements', management override of controls is a presumed significant risk, upon which material misstatement could occur within the performance report.</p>	<p>We found no evidence of management override of controls giving rise to material misstatement.</p> <p>Any deficiencies in internal controls that we have identified have been reported in the overall result section within this report.</p>
Revenue recognition: Material misstatement due to fraud or error	<p>Under ISA (NZ) 240 'The auditor's responsibilities relating to fraud in an audit of financial statements', misstatement of revenue due to fraud or error is a rebuttable presumed significant risk upon which material misstatement could occur within the performance report.</p>	<p>We documented and tested those financial statements areas where there might be the motivation or opportunity for misstatement of revenue due to fraud and or error. We considered whether there was any indication of such activity.</p> <p>Nothing untoward was identified from our work performed.</p>
COVID-19 and Going Concern	<p>With the outbreak of the COVID-19 pandemic, widespread effects are expected to be felt on the business activities of many organisations, adversely affecting their financial results and position and sustainability.</p> <p>These effects might include, but are certainly not limited to, the following:</p> <ul style="list-style-type: none"> • Reduction in rental income. <p>The financial statements are ordinarily prepared on a going concern basis, the validity of which depends on the organisation meeting its targets and being able to meet financial obligations as they fall due.</p>	<p>We evaluated your assessment of the impact that COVID-19 might have on your business activities</p> <p>We reviewed your budget (and as appropriate the cash flow forecast) together with key documented assumptions and notes, for the foreseeable future (12 months from the expected signing date of our audit opinion)</p> <p>We confirmed the validity of the going concern basis of preparation of the financial statements.</p>

Other reporting matters

Management judgements and estimates

Under ISA (NZ) we have a responsibility to ensure that you have been informed about the process used by the organisation in formulating particularly sensitive accounting policies, estimates, assumptions or valuation judgements.

We are not aware of any sensitive accounting estimates, assumptions or valuation judgements made in the preparation of your organisation's performance report.

Matters requiring input by those charged with governance

We have placed reliance on the governing body's review and approval of the following matters:

- Minutes of governing body meetings;
- Implementation of such controls as is needed to ensure that the performance report is presented fairly;
- Notification of fraud;
- 2022 and 2023 budgets; and
- The performance report.

Materiality and adjusted and unadjusted differences

Materiality means, in the context of an audit or review, if financial information is omitted, misstated or not disclosed it has the potential to affect the decisions of users of the performance report. Materiality is used by auditors in making judgements on the amount of work to be performed, which balances require work and for evaluating the performance report. Materiality is initially calculated at the planning stage and has an influence on the amount of work we do, as well as where we direct our audit efforts. Materiality is not only based on a numeric quantification but is assessed qualitatively for some balances and disclosures.

For any material misstatements which we may have identified and requested adjustment of within the performance report, please refer to Appendix 1: Adjusted and Unadjusted differences.

The auditing standards do not require us to communicate misstatements that are considered "clearly trivial" and as such, if we identify such misstatements we will not communicate these to you. We consider "clearly trivial" to be 5% or less of our planned materiality.

Going concern

Management and governance are required to make a formal assessment on going concern. Under Auditing Standards, we are required to review this assessment for appropriateness.

Paragraph 15 of ISA (NZ) 570 (Revised) states:

15. *The auditor shall enquire of management as to its knowledge of events or conditions beyond the period of management's assessment that may cast significant doubt on the entity's ability to continue as a going concern.*

The assumption of going concern was concluded as appropriate.

Fraud

During the audit, no matters relating to fraud, concerning either employees or management, have come to our attention in respect of the organisation. It should be noted that our audit is not designed to detect fraud however, should any instance of fraud come to our attention, we will report this to you.

Compliance with laws and regulations

We have made enquiries in relation to compliance with laws and regulations during the course of our audit. We have not become aware of any instances of non-compliance with laws and regulations which has materially impacted the financial position or performance of the organisation.

Significant difficulties encountered

There were no significant difficulties encountered during the audit process. We have received full and frank cooperation. There is nothing we wish to raise solely with those charged with governance.

The performance report, supporting accounting work papers and other information were supplied to us at the outset of the audit.



AUDIT FINDINGS – THE
OVERALL RESULT

Audit findings – the overall result

Summary of findings

To enable management to set priorities on their action plans we have assessed our findings on the following basis, namely, critical, high, moderate, and low based on our assessment of the importance of each finding. Classifications of findings are detailed in Appendix 2: Finding ratings.

These findings and recommendations have been provided to the organisation’s management for comment.

There have not been any other significant matters arising during the audit that were discussed, or subject to correspondence with management, that have not otherwise been set out in this report.

	Urgent	Necessary	Beneficial
Number of findings	-	-	-

Provided below is a summary of key findings:

Item no	Findings and recommendations	Rating
1	Nil	-

A detailed assessment of each finding is presented in the following pages.

Appendix 1: adjusted and unadjusted differences

Adjusted differences

The following differences were identified arising from the audit that have been adjusted in the performance report at our request.

Description	Assets	Liabilities	Equity (Reserves)	Net Surplus / (Deficit)
	\$	\$		\$
Net surplus/(deficit) for the year				5,232,388
<i>Record sale of 163 East Street property</i>	708,211 (685,357)	3,309	19,545	19,545
Net effect of adjustments made:	22,854	3,309	19,545	19,545
Final net surplus/(deficit) for the year				5,251,933

We had also identified a small number of presentation differences arising from the audit that have been adjusted in the performance report at our request.

Unadjusted differences

There were no unadjusted differences at the conclusion of the audit.

Appendix 2: finding ratings

The following framework for ratings has been developed to facilitate discussion with the Organisation's management in order to prioritise issues according to their relative significance.

Rating	Definition
Urgent	Needs to be addressed urgently. These recommendations relate to a significant deficiency that exposes the organisation to significant risk or for any other reason need to be addressed without delay.
Necessary	Address at the earliest reasonable opportunity, generally within six months These recommendations relate to deficiencies that need to be addressed to meet expected standards of best practice. These include any control weakness that could undermine the system of internal control.
Beneficial	Address, generally within six to 12 months These recommendations relate to areas where the organisation is falling short of best practice. In our view it is beneficial for management to address these, provided the benefits outweigh the costs.

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