

Quayside Securities Limited as Trustee for Toi Moana Trust

Annual Financial
Statements

For the year ended
30 June 2020

Quayside Securities Limited as Trustee for Toi Moana Trust

Director's Declaration

For the year ended June 2020

The Toi Moana Trust is part of the Quayside Group for governance purposes. 'The Quayside Group's Statement of Intent, prepared in accordance with the Local Government Act 2002, covers prudent financial management and risk management. The Quayside Group achieved the objectives set out in the Statement of Intent for the year ended 30 June 2020. Refer to note 5 for further information.

The performance of Quayside Securities Limited as Trustee for Toi Moana Trust in undertaking its monitoring and advisory functions will be assessed with respect to:

- The quality of financial and other analysis.
- The robustness and accuracy of the information relied upon in providing advice.
- The clarity, timeliness and materiality of advice.
- Compliance with the shareholder's expectation that there should be "no surprises" arising from the company.
- Compliance with the shareholder's expectation for optimal commercial performance from the company.

Achievements

During the year the Bay of Plenty Regional Council (Council) has been fully informed by the directors as to the performance of Quayside Securities Limited as Trustee for Quayside Investment Trust. The performance has met the shareholder's expectations as defined in the Quayside Group's Statement of Intent.

The directors of Quayside Securities Limited, as Trustee for the Toi Moana Trust, are pleased to present the financial statements for the year ended 30 June 2020.

For and on behalf of the Board of Directors:



Director



Director

Quayside Securities Limited as Trustee for Toi Moana Trust For the year ending 30 June 2020

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Independent Auditor's Report

To the readers of Quayside Securities Limited as Trustee for Toi Moana Trust's financial statements and performance information for the year ended 30 June 2020

The Auditor-General is the auditor of Quayside Securities Limited as Trustee for Toi Moana Trust (the Trust). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Trust on his behalf.

Opinion

We have audited:

- the financial statements of the Trust on pages 5 to 14 and 18 to 22, that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive income, 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; and
- the performance information of the Trust on pages 15 to 17.

In our opinion:

- the financial statements of the Trust on pages 5 to 14 and 18 to 22:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2020; 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 New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime; and
- the performance information of the Trust on pages 15 to 17 presents fairly, in all material respects, the Trust's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Trust's objectives for the year ended 30 June 2020.

Our audit was completed on 24 November 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw your attention to the impact of Covid-19 on the Trust. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the Trust as set out in note 17 to the financial statements and pages 15 to 17 of the performance information.

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 Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Trust.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

The Board of Directors responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, 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 and the performance information.

For the budget information reported in the performance information, our procedures were limited to checking that the information agreed to the Trust's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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 and the performance information, 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 Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Trust's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust'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 and the performance information 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 Trust to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors 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 Board of Directors is responsible for the other information. The other information comprises the information included on pages 23 to 26, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information 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 and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information 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 Trust 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 issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audits of the Trust and Quayside Group entities, we have no relationship with, or interests in, the Trust.



Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

Quayside Securities Limited as Trustee for Toi Moana Trust
Income Statement
For the year ended 30 June 2020

	Note	2020 \$000
Income		
Dividend income	6 (a)	1,196
Other income	6 (b)	3,573
Operating income		4,769
Expenses		
Trading and other expenses	7 (a)	(270)
Other losses	7 (b)	(7,379)
Operating expenses		(7,649)
Operating loss before finance costs and taxation		
		(2,880)
Finance income	8	128
Loss before income tax		(2,752)
Income tax expense	9	-
Net loss after tax		(2,752)

Quayside Securities Limited as Trustee for Toi Moana Trust
Statement of Comprehensive Income
For the year ended 30 June 2020

	2020 \$000
Net loss after tax	(2,752)
Other comprehensive income	-
Total comprehensive income for the period	(2,752)

Quayside Securities Limited as Trustee for Toi Moana Trust
Statement of Changes in Equity
For the year ended 30 June 2020

	Units issued \$000	Retained earnings \$000	Total equity \$000
Balance at 1 July 2019	-	-	-
Net loss after tax	-	(2,752)	(2,752)
Total comprehensive income	-	(2,752)	(2,752)
Changes in issued capital	45,000	-	45,000
Balance at 30 June 2020	45,000	(2,752)	42,248

Quayside Securities Limited as Trustee for Toi Moana Trust
Statement of Financial Position
As at 30 June 2020

	Note	2020 \$000
Assets		
Current assets		
Cash and cash equivalents		1,191
Trade and other receivables	10	82
Total current assets		1,273
Non-current assets		
Other financial assets	12	41,057
Total assets		42,330
Liabilities		
Current liabilities		
Trade and other payables	13	(82)
Net assets		42,248
Equity		
Paid up units		45,000
Retained earnings		(2,752)
Total equity		42,248

These financial statements have been authorised for issue by the Board of Directors on 24th November 2020.



Director



Director

Quayside Securities Limited as Trustee for Toi Moana Trust
Statement of Cash Flows
For the year ended 30 June 2020

	2020 \$'000
Cash flows from operating activities	
Dividends received	1,196
Interest received	128
Payments to suppliers	(188)
Net cash flow from operating activities	1,136
Cash flows from investing activities	
Proceeds from sale of investments	2,459
Purchase of investments	(47,431)
Net cash flow from investing activities	(44,972)
Cash flows from financing activities	
Proceeds from the issue of units	45,000
Net cash flow from financing activities	45,000
Effects of exchange rate changes on cash and cash equivalents	27
Net increase in cash and cash equivalents	1,191
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	1,191

Quayside Securities Limited as Trustee for Toi Moana Trust

Notes to the Financial Statements

For the year ended 30 June 2020

1 Reporting entity

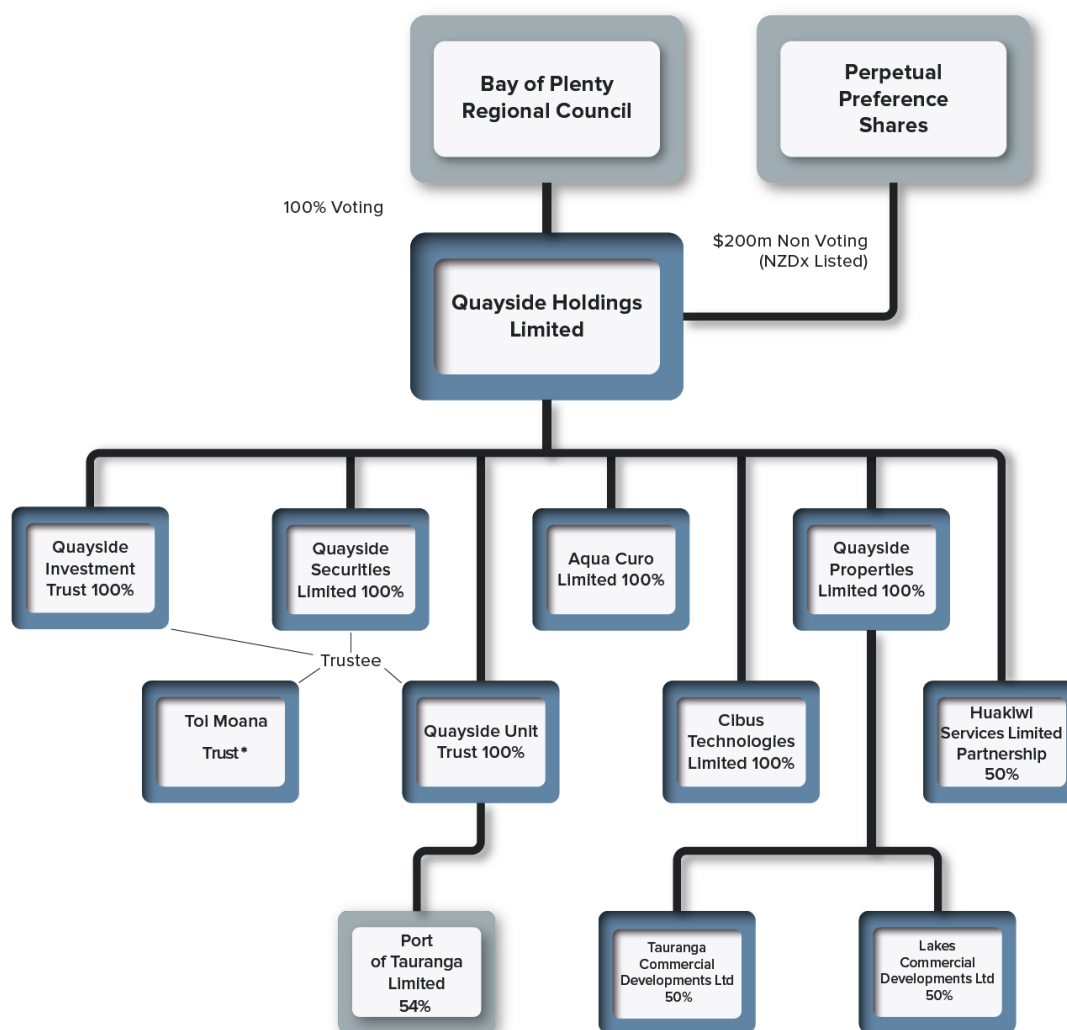
Toi Moana Trust (the "Trust") was established under a Trust Deed (Quayside Investment Trusts) on 1st July 2019.

Quayside Securities Limited is the Trustee for Toi Moana Trust. These financial statements are for Toi Moana Trust. The Parent and ultimate controlling entity is the Bay of Plenty Regional Council. The Trust is a council-controlled organisation as defined under Section 6 of the Local Government Act 2002, by virtue of the Council's right to appoint the Board of Quayside Holdings Limited.

The Trust is a Portfolio Investment Entity (PIE) for the purpose of income taxation in New Zealand.

The Trust has investments in listed shares. The Trust is classified as a for-profit entity.

For the purposes of these financial statements, the Quayside Group comprises Quayside Holdings Limited and its subsidiaries. Toi Moana Trust while not a subsidiary of Quayside Holdings Limited, is considered to be within the Quayside Group for governance purposes, by virtue of the fact that Quayside Securities Limited is the appointed Trustee.



**Quayside Securities Ltd is the Trustee for the Toi Moana Trust. Bay of Plenty Regional Council holds the majority of units.*

Quayside Securities Limited as Trustee for Toi Moana Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2020

2 Basis of preparation

Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements comply with New Zealand Equivalents to International Financial Reporting Standards – Reduced Disclosure Regime (“NZ IFRS RDR”) and other applicable Financial Reporting Standards as appropriate to for-profit entities. The Trust is a reporting entity for the purposes of the Financial Reporting Act 2013 and these financial statements comply with that Act.

NZ IFRS – Reduced disclosure regime

The Trust applies External Reporting Board Standard A1 ‘Accounting Standards Framework (For-profit Entities Update)’ (‘XRB A1’). For the purposes of complying with NZ GAAP, the Trust is eligible to apply Tier 2 For-profit Accounting Standards (NZ IFRS RDR) on the basis that it is not a large for-profit public sector entity.

The financial statements were approved by the Board of Directors on 24th November 2020.

Basis of measurement

The financial statements have been prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: other financial assets mandatorily measured at fair value through the income statement. The methods used to measure fair values are discussed further in note 4.

Functional and presentation currency

These financial statements are prepared in New Zealand dollars (\$), which is the Trust’s functional currency. Where presented, all financial information has been rounded to the nearest thousand.

Comparatives

This is the first year of operation for the Toi Moana Trust, therefore no comparatives are shown. The results shown are for the 12 month period ending 30 June 2020.

Changes in accounting policies

This is the first year of operation for the Trust, therefore there have been no changes in accounting policies. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2 Basis of preparation (continued)

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amount recognised in the financial statements relates to the valuation of financial instruments (refer note 4(b)).

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Foreign currency

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

b) Financial instruments

(i) Non-derivative financial assets

The Trust initially recognises non-derivative financial assets on the date that they originated. Financial assets mandatorily measured at fair value through profit and loss, are recognised initially on the trade date at which the Trust becomes a party to the contractual provisions of the instrument.

The Trust classifies non-derivative financial assets into the following categories:

Financial assets mandatorily measured at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is not measured at amortised cost or designated at fair value through comprehensive income upon initial recognition. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets mandatorily measured at fair value through profit or loss are measured at fair value and changes therein, which takes in to account any dividend income, are recognised in profit or loss.

Financial assets mandatorily measured at fair value through profit or loss include: equity securities

3 Significant accounting policies (continued)

Financial assets at amortised cost

Financial assets at amortised cost are those financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Financial assets at amortised cost include: cash and cash equivalents; trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts, when applicable, are shown within borrowings in current liabilities in the Statement of Financial Position.

(ii) Non-derivative financial liabilities

The Trust initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Trust becomes a party to the contractual provisions of the instrument. The Trust derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Trust classifies non-derivative financial liabilities into the financial liabilities measured at amortised cost category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities measured at amortised cost comprise: trade and other payables.

c) Dividend income

Dividend income is recognised on the date that the right to receive payment is established, being the ex-dividend date.

d) Finance income and expense

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method. Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

3 Significant accounting policies (continued)

e) Income tax expense

The Trust qualifies and has elected to be a Portfolio Investment Entity (PIE) for the purpose of taxation in New Zealand. Under the PIE regime, income is effectively taxed in the hands of the unit holders of the Trust, and therefore the Trust does not have any tax expense.

Investors in the Trust are obliged to provide the Trust with their Prescribed Investor Rate (PIR) of 0%, 10.5%, 17.5% or 28%.

Under the PIE legislation, the income of the Trust is attributed to the unit holders of the Trust in accordance with their proportional interest in the Trust. In the case of the Toi Moana Trust, all investors have a PIR of 0%.

f) Units issued

Units issued are classified as equity.

Where the Trust issues new or cancels existing units, the value of units issued or cancelled is calculated on the value of net assets of the Trust divided by the units on issue.

g) Goods and Services Tax (GST)

The Trust is not registered for GST. All amounts stated are inclusive of GST.

4 Determination of fair values

A number of the Trust's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

a) Trade receivables and payables

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature.

b) Non-derivative financial assets

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.




Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Quayside Securities Limited as Trustee for Toi Moana Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2020

5 Toi Moana Trust Statement of Service Performance

The Trust is a member of the *Quayside Group* for Governance purposes, as Quayside Securities Limited is the appointed Trustee of Toi Moana Trust. The *Quayside Group* is required to prepare a Statement of Service Performance reporting on performance measures and results. While the *Quayside Group* reports on the results of nine targets in its Statement of Intent, the results below report on the targets that are relevant to the Toi Moana Trust.

(a) Investment portfolio

Performance measure	Performance target	2020 result
2. Generate commercial returns across the Investment portfolio.	Five year rolling gross return of $\geq 7.5\%$ p.a	One year rolling gross return of negative 5.67% for the Toi Moana Trust, achieved at 30 June 2020 (<i>the Trust has only been in operation for one year</i>). 
3. Adherence to industry standards including responsible investing.	Management and monitoring of investment portfolio against Quayside SIPO and Responsible Investment frameworks: <ul style="list-style-type: none"> Monthly reporting of SIPO Dashboard to the Board. 	While Quayside reports on monitoring against its Group SIPO, SIPO monitoring against the Toi Moana Trust is also reported at full Board meetings. This reporting has occurred since February 2020, once the fund was fully invested. 3 instances of passive breaches noted. 
	<ul style="list-style-type: none"> Six monthly audits of investments and adherence to SIPO and responsible investment policy. 	Six monthly audits not conducted as they were not deemed necessary given SIPO monitoring on a monthly basis. 

Target met: **No**

The *Quayside Group* manages the investment portfolio of Toi Moana Trust with a market value of \$42.3m at 30 June 2020. These investments include domestic and foreign equities, and cash.

The 7.5% p.a. five year rolling gross return target is based on current industry and analyst expectation of long-term performance of equity markets. This target is reviewed annually. During the year the Toi Moana Trust returned a rolling 1 year negative return of 5.67%. As the Trust has only been in existence since July 2019, it can not be assessed with regard to the five year rolling return.

Toi Moana Trust has a separate Statement of Investment Policy and Objectives (SIPO), that sets out the investment governance and management framework that ensures Quayside invests in a manner that is complementary to the policies and objectives of the Bay of Plenty Regional Council and is a responsible and commercially focused investor. The primary objectives underlying the strategic investment policies for the portfolio, are to ensure that the value of the assets are protected long term and grown appropriately, while generating income opportunities that can deliver the desired return.

While three instances of passive breaches of the Toi Moana Trust SIPO were noted during the year, these were a result of market movements at the time of transacting, which meant investment instructions could not be fulfilled.

Six monthly audits of adherence to SIPO were not deemed necessary as investments are reviewed for compliance with the SIPO and reported on at each full board meeting.

Covid-19 impact

The effect on the overall share portfolio for June 2020 was initially material, with a drop in the value of the portfolio to \$37.4m, however equity markets have subsequently posted gains, continuing what has been a strong recovery from the lows seen in mid-to-late March. At reporting date the portfolio has returned to trading at pre Covid-19 levels

Quayside Securities Limited as Trustee for Toi Moana Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2020

5 Toi Moana Trust Statement of Service Performance (continued)

Toi Moana Trust Investment Portfolio financial highlights are tabled below:

	30 June 2020	30 June 2019
Investment portfolio value	\$42.3m	-
1 year gross return	(5.67%)	-
5 year rolling gross return	n/a	-

* No comparative is shown as the Trust was only established in July 2019.

(b) Governance

This activity relates to the policies and procedures the *Quayside Group* will adopt to satisfy governance requirements and expectations and ensures that open dialogue exists between the *Quayside Group* and Council, so that Council are kept informed of all significant matters relating to the *Quayside Group* at the earliest opportunity.





Performance measure	Performance target	2020 result
6. Keep Council informed on a 'no surprises' basis, providing quality and timely information.	A minimum of four presentations per annum to Council, as shareholders. Timely advice and support as required. Matters of urgency are reported to Council at the earliest opportunity.	Presentations to Council in August 2019, September 2019, October 2019, February 2020, April 2020, and June 2020, which included updates on the Toi Moana Trust. Open communication with Council maintained throughout the year through regular meetings with Quayside Chief Executive and Council management. Additionally, quarterly reports (quarters ending Sept, Dec, March, June) on the performance and position of the Toi Moana Trust were delivered to Council.
7. Ensure Group policies and procedures are current and appropriate.	All policies and procedures to be reviewed no less than biennially.	Policies were reviewed at Board meetings in accordance with the bi-annual cycle.

Target met: **Yes**

Quayside Securities Limited as Trustee for Toi Moana Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2020

5 Toi Moana Trust Statement of Service Performance (continued)

Additionally, the Toi Moana Trust has objectives as defined in its Statement of Investment and Performance Objectives (SIPO) which are reported on below.

Performance objective	Performance target	2020 result	
Generate commercial returns across the investment portfolio.	Annual net cash flow return of 5%.	The fund has returned a 2.4% cash return.	
Capital preservation	Long term capital preservation over an initial period of seven years.	The capital value has decreased to \$42.3m from \$45m.	
Investments must be in accordance with its Principles of Responsible Investment.	Investments must be screened from an ethical perspective and we must avoid investing in companies whose principal business activity is: <ul style="list-style-type: none"> The manufacture and sale of armaments The manufacture and sale of tobacco The promotion of gambling 	All investments were screened by both the Investment Manager and their external advisors.	
Keep Council informed on a no surprises basis, providing quality and timely information.	Quarterly reporting on investment fund performance. Timely advice and support as required.	BOPRC received quarterly reports in October 2019, January and April 2020. Open communication with Council maintained throughout the year through regular Treasury meetings with Quayside CE and Council management.	

The Toi Moana Trust has not met its SIPO performance objectives for the 2020 year. The net cash yield is below target as the portfolio was not invested for a full year, this is the first year of operations. Covid-19 impacted on the capital value of the portfolio however it has seen some strong recovery. Refer to note 17 for further information.

Key



Met



Substantially met



Not met



Not applicable

Quayside Securities Limited as Trustee for Toi Moana Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2020

6 Operating income

	2020 \$000
a) Dividend income	
Foreign dividends	117
New Zealand dividends	1,079
Total dividend income	1,196
b) Other income	
Realised foreign exchange gains	25
Realised gain on capital investment	185
Unrealised foreign exchange gains	2
Unrealised gain on capital investments	3,361
Total other income	3,573

7 Expenses

	2020 \$000
a) Trading and other expenses	
Audit NZ – fees for financial statements	10
Investment fees	143
Other expenses	117
Total trading and other expenses	270
b) Other losses	
Realised loss on capital investments	5
Unrealised loss on capital investments	7,374
Total other losses	7,379

8 Finance income

	2020 \$000
Finance income	
Interest income on bank deposits	128

Quayside Securities Limited as Trustee for Toi Moana Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2020

9 Income tax

The trust is a PIE for income tax purposes.

	2020 \$000
Taxable income	
Net loss before income tax	(2,752)
Amounts which are non-deductible / (non- taxable):	
Loss / (gain) on investments	3,835
Non-assessable income	(60)
Non-deductible expenditure	94
Imputation credits and other tax credits received	318
Foreign dividend regime	(77)
Taxable income attributed to unit holders	1,358
Tax credits	
Imputation credits	283
Australian withholding tax	8
Foreign tax paid	27
Tax credits applied to unit holders	318

As the Trust is a PIE, its taxable income and tax credits have been attributed to unit holders.

10 Trade and other receivables (current)

	2020 \$000
Other receivables	
Prepayments	82

Current trade and other receivables are non interest-bearing and receipt is normally on 30 day terms, therefore the carrying value of debtors and other receivables approximate their fair value.

Quayside Securities Limited as Trustee for Toi Moana Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2020

11 Capital and reserves

a) Units issued

	2020 No.	2020 \$000
Units held		
Bay of Plenty Regional Council		
Balance as at 1 July	-	-
Balance as at 30 June	45,000,000	42,248
Quayside Holdings Limited		
Balance as at 1 July	-	-
Balance as at 30 June	1	-
Total		
Balance as at 1 July	-	-
Balance as at 30 June	45,000,001	42,248

The Trust was established on 1 July 2020 with the issue of 45,000,001 units at \$1 each. Units in the Trust were valued at 30 June 2020 at \$0.9388766 per unit. Unit price is calculated on the value of net assets of the Trust divided by the total number of units on issue

(b) Distributions

No distributions were made during the period.

12 Other financial assets

Other financial assets comprise the trust's diversified equity portfolio that is traded in active markets. These assets are valued at fair value based on quoted market prices at reporting date and are mandatorily valued at fair value through profit and loss. The movement in the balance of these assets represents share sales and purchases during the year and unrealised/realised gains and losses on the investments.

	2020 \$000
NZ equities	35,952
AUD equities	5,105
	41,057

13 Trade and other payables

	2020 \$000
Accruals	26
Related party payables	56
	82

Trade and other payables are non interest-bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value.

Quayside Securities Limited as Trustee for Toi Moana Trust
Notes to the Financial Statements (continued)
For the year ended 30 June 2020

14 Related party transactions

Parent and ultimate controlling entity

The Parent entity of Quayside Securities Limited as Trustee for the Toi Moana Trust is Quayside Holdings Limited, which is 100% owned by the Bay of Plenty Regional Council – refer Note 1.

Transactions with key management personnel

The administration and management of the Trust is undertaken by Quayside Securities Limited as Trustee for Toi Moana Trust, therefore there is no management personnel compensation in relation to the Trust.

Other related entities

Other related parties include subsidiaries and equity accounted investees in the Group – refer Note 1. During the year, the Trust entered into transactions with companies in which Directors hold directorships. These directorships have not resulted in significant influence over the operations, policies or key decisions of these companies.

Related party transaction values and outstanding balances are as follows:

	2020 \$000
Quayside Holdings Limited	
Consideration for units issued by Toi Moana Trust	-
Fund management fee owing by Toi Moana Trust	56
Bay of Plenty Regional Council	
Consideration for units issued by Toi Moana Trust	45,000
Quayside Securities Limited	
Trustee fees paid by Toi Moana Trust	61

Quayside Holdings Limited holds one unit in Toi Moana Trust, acquired in July 2019 for \$1.00. The value of this unit at 30 June 2020 is \$0.938766. Additionally Quayside Holdings Limited is the appointed Fund Manager for Toi Moana Trust, for which it charges an annual fund management fee.

No related party debts have been written off or forgiven during the year.

15 Capital commitments and contingencies

The Trust has no capital commitments or contingencies at 30 June 2020.

16 Financial instruments

Categories of financial instruments

	2020 \$000
Financial assets at amortised cost	
Cash and cash equivalents	1,191
Financial assets at fair value through profit and loss	
Other financial assets	41,057
Financial liabilities at amortised cost	
Trade and other payables - current	82

17 Covid-19 impact disclosures

The Directors have considered the current and future potential effects on the business caused either directly or indirectly by Covid-19. The effect on the overall results and balances for June 2020 was minimised because of the very short period of the lockdown within this financial year. Worldwide restrictions in March and April 2020 materially affected the value of the share portfolio. However, most major equity markets have subsequently posted gains, continuing what has been a strong recovery from the lows seen in mid-to-late March. The S&P 500 recorded its strongest quarterly gain in more than two decades over the June quarter.

Future potential effects are speculative and unknown. There is now rigorous debate across the investment community about the future of the equity markets. As economies emerge from lock-down there is a natural bounce from economic activity, and there is a large amount of cash available for use. However, markets have already taken these factors into account and some of the economic activity reflects pent-up demand as lock-downs ease. Around many parts of the world the virus is still not under control.

Directors believe that any potential negative effects would likely be limited unless there is a sustained economic downturn, which has been predicted by some economic commentators. In that event, Directors believe the effect on the key elements in the financial statements would be:

- *Dividend income* – Any sustained economic downturn nationally and globally may affect the dividend income that Quayside Investment Trust may receive.
- *Equity portfolio value* - Any sustained economic downturn nationally and globally may affect share prices, thus affecting the carrying value of the equity portfolio.

18 Subsequent events

There were no subsequent events.

Quayside Securities Limited as Trustee for Toi Moana Trust

Statutory Information

For the year ended 30 June 2020

Interests register

The Trust is required to maintain an Interests Register in which the particulars of certain transactions and matters involving the directors must be recorded. The interests register for Quayside Securities Limited is available for inspection at the registered office. The directors of the Company have made general disclosures of interest in accordance with S140(2) of the Companies Act. Current interests and those which ceased during the year, are tabulated below. New disclosures advised since 1 July 2019 are italicised.

Director	Entity	Position
	<i>E Tipu E Rea Limited – removed March 2020</i>	<i>Director</i>
	<i>E Tipu E Rea Trustee Limited – removed March 2020</i>	<i>Chair Director Shareholder</i>
	Ionian Holdings Limited	Shareholder
	Port of Tauranga Limited	Director
	Preservation Investments Limited	Shareholder
R McLeod	Quayside Holdings Limited Perpetual Preference Shares	Shareholder *
	Quayside Holdings Limited	Chair Director
	Quayside Properties Limited	Chair Director
	Quayside Securities Limited	Chair Director
	Sanford Limited	Director
	<i>Sanford LTI Limited</i>	<i>Director</i>
	<i>*Shares are held by McLeod Custodian Limited as Trustee</i>	
	Bay of Plenty Regional Council (BOPRC)	Councillor
	<i>Crosby Motorsport Limited – ceased, advised February 2020</i>	<i>Director Shareholder</i>
	<i>Elm's Foundation – resignation advised April 2020</i>	<i>Trustee</i>
	Equip GP Limited	Director
	Local Government New Zealand Board	Vice-President Member
	Quayside Holdings Limited	Director
S Crosby	Quayside Securities Limited	Director
	Quayside Properties Limited	Director
	<i>Rotorua Regional Airport Limited – resignation advised June 2020</i>	<i>Director</i>
	Rotorua Regional Airport Limited	Advisor IARC Chair
	Templogger NZ Limited	Director Shareholder
	<i>SmartGrowth Leadership Group</i>	<i>Member</i>
	Summerhill Charitable Trust	Trustee
	SmartGrowth Leadership Group	Member
	Bluelab Corporation Limited	Chair Director
	Bluelab Holdings Limited	Chair Director
	Comvita Limited	Chair Director
	Comvita New Zealand Limited	Director
	Hewlett Family Trust	Trustee
	Hewlett Investment Trust	Trustee
B Hewlett	Oriens Capital Limited	Shareholder
	Priority One WBOP Incorporated	Chair
	Quayside Holdings Limited	Director
	Quayside Properties Limited	Director
	Quayside Securities Limited	Director
	University of Waikato - Waikato Management School	Advisory Board Member
	University of Waikato Academic Review Panel	Panel Member

Quayside Securities Limited as Trustee for Toi Moana Trust
Statutory Information (continued)
For the year ended 30 June 2020

Director	Entity	Position
K Horne	<i>AJ & MJ Horne Family Trust</i>	<i>Trustee / Beneficiary</i>
	<i>CEC Charitable Trust</i>	<i>Trustee / Treasurer</i>
	<i>Conductive Education Canterbury</i>	<i>Treasurer</i>
	<i>Hamilton City Council</i>	<i>ARC Chair</i>
	<i>Horne Wildbore Family Trust</i>	<i>Trustee</i>
	<i>New Zealand Lotteries Commission</i>	<i>Commissioner / ARC Char</i>
	<i>Quayside Holdings Limited</i>	<i>Director</i>
	<i>Quayside Properties Limited</i>	<i>Director</i>
	<i>Quayside Securities Limited</i>	<i>Director</i>
	<i>ScreenSouth Limited</i>	<i>Director / Chair</i>
	<i>Spey Downs Limited</i>	<i>Shareholder</i>
	<i>Timaru District council</i>	<i>ARC Chair</i>
	<i>University of Canterbury</i>	<i>Council Member / ARC Chair</i>
F McTavish	Bay of Plenty Regional Council	Officer
	BOP LASS Limited	Director
	McTavish – Huriwai Investments Limited	Director Shareholder
	Otumoetai Intermediate	Trustee
	Priority One WBOP Inc	Executive Board Member
	Quayside Holdings Limited	Director
	Quayside Properties Limited	Director
	Quayside Securities Limited	Director
	SmartGrowth Chief Executive Advisory Group	Member
	Tauranga Girls College	Trustee
	<i>TeachFirst New Zealand – resignation advised July 2020</i>	<i>Trustee</i>
W Parker	Farmlands Cooperative Society	Director
	<i>Focus Genetics Management Limited</i>	<i>Director</i>
	Forestry Ministerial Advisory Group	Chair
	Genomics Aotearoa Advisory Board	Director
	Griffith Enterprise Advisory Board	Chair
	Landcorp Estates Limited	Chair Director
	Landcorp Holdings Limited	Chair Director
	Landcorp Pastoral Limited	Chair Director
	Landcorp Farming Limited, PAMU	Chair Director
	Predator Free 2050 Limited	Director
	Quayside Holdings Limited	Director
	Quayside Properties Limited	Director
	Quayside Securities Limited	Director
Warren's Insights Limited	Director Shareholder	
P Thompson	Bay of Plenty Regional Council (BOPRC)	Councillor
	Cyber Limited	Shareholder
	Eastern Bay of Plenty Economic Development Trust (Toi EDA)	Trustee
	Quayside Holdings Limited	Director
	Quayside Properties Limited	Director
	Quayside Securities Limited	Director
		<i>SmartGrowth Leadership Group – resignation advised July 2020</i>
	Woman Walking Limited	Director Shareholder

The entities listed above against each director may transact with Quayside Securities Limited as Trustee for Toi Moana Trust. Refer to Note 14 of the financial statements.

Quayside Securities Limited as Trustee for Toi Moana Trust
Statutory Information (continued)
For the year ended 30 June 2020

Information used by directors

During the financial year there were no notices from directors of Quayside Securities Limited as Trustee for Toi Moana Trust requesting to use information received in their capacity as a director which would not otherwise have been available to them.

Indemnification and insurance of directors and officers

The *Quayside Group* has arranged policies of Directors' and Officers' Liability Insurance and separate Directors' and Officers' defence costs insurance.

Donations

No donations were made by Quayside Securities Limited as Trustee for Toi Moana Trust during the year ended 30 June 2020.

Directors

The following directors of Quayside Securities Limited as Trustee for Toi Moana Trust held office as at 30 June 2020:

R McLeod (Chair)
S Crosby
B Hewlett
K Horne (*appointed 16 September 2019*)
F McTavish
W Parker
P Thompson

Directors were remunerated by Quayside Securities Limited.

Loans

There were no loans by Quayside Securities Limited as Trustee for Toi Moana Trust, to directors.

Employees

The Trust does not have any employees. All administration is carried out by Quayside Holdings Limited under a management agreement with Quayside Securities Limited.

Auditor's remuneration

The following amounts are payable to the auditor of the company for the year:

Audit New Zealand Audit Fees \$10,345 (GST inclusive)

Quayside Securities Limited as Trustee for Toi Moana Trust Directory

Registered office

Level 2, 41 The Strand
Tauranga 3110
Ph: (07) 579 5925

Postal address

PO Box 13564
Tauranga 3141

Auditors

Audit New Zealand
On behalf of the Auditor-General
745 Cameron Road
PO Box 621
Tauranga 3110
New Zealand

Solicitor

Cooney Lees Morgan
PO Box 143
Tauranga 3110