

**THE INVERCARGILL CITY CHARITABLE TRUST BOARD**

**Annual Report  
For the year ended 30 June, 2018**

**THE INVERCARGILL CITY CHARITABLE TRUST BOARD**  
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# THE INVERCARGILL CITY CHARITABLE TRUST BOARD

## ENTITY INFORMATION

For the year ended 30 June, 2018

### Legal name

The Invercargill City Charitable Trust (the Trust).

### Type of entity and legal basis

The Trust is incorporated in New Zealand under the Charitable Trusts Act 1957. The Trust is a Council Controlled Organisation of the Invercargill City Council as defined in section 6 (1) of the Local Government Act 2002.

### The Trust's purpose or mission

The primary objective of the Trust is to fund both capital and income for charitable purposes within the Invercargill District.

### Structure of the Trust's operations, including governance arrangements

The Trust comprises a Board of three Trustees who oversee the governance of the Trust. The Trustee positions are held by the Mayor, Deputy Mayor and Chief Executive of the Invercargill City Council. Day-to-day operations of the Trust and reporting to the Board is administered by staff provided by Invercargill City Council.

### Trustees

T R Shadbolt (ICC Mayor)

R Amundsen (ICC Deputy Mayor)

G Lewis (ICC Councillor)

C Hadley (ICC CEO) appointed 19 March, 2018

R J King (ICC CEO) until 19 March, 2018

### Main sources of the Trust's cash and resources

Operating grants and donations received from the Invercargill City Council and other community funders are the primary sources of funding to the Trust.

### Outputs

The main outputs of the Trust are for costs incurred in the management, staging and promotion of the Southland Buskers Festival and cost relating to the ownership and maintenance of Rugby Park stadium.

## THE INVERCARGILL CITY CHARITABLE TRUST BOARD

### STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June, 2018

	Note	2018 \$	2017 \$
		<u>          </u>	<u>          </u>
<b>Revenue</b>			
Council funding	1	154,931	558,825
Subsidies and grants		34,000	78,674
Finance income		3,075	2,793
Recoveries		-	1,655
Initial gain on acquisition of property, plant and equipment		-	16,722,871
<b>Total revenue</b>		<u>192,006</u>	<u>17,364,818</u>
<b>Expenditure</b>			
Administration expenses		3,339	3,200
Audit fees		10,199	6,265
Bank charges		1	1
Commissions and levies		44	44
Depreciation		429,135	429,135
Finance expenses		2,535	-
General expenses		1,848	2,140
Grants paid		-	518,555
Hire charges		1,359	1,177
Management fees		20,000	20,000
Marketing and advertising		9,812	13,268
Performers, travel and accommodation expenses		18,320	19,980
Production and technical services		6,806	5,829
Rates		5,465	3,082
Valuation fees		-	3,350
<b>Total expenditure</b>		<u>508,863</u>	<u>1,026,026</u>
<b>Net surplus/(deficit) for the year</b>		<u><u>(316,857)</u></u>	<u><u>16,338,792</u></u>


The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with the financial statements.

**THE INVERCARGILL CITY CHARITABLE TRUST BOARD**

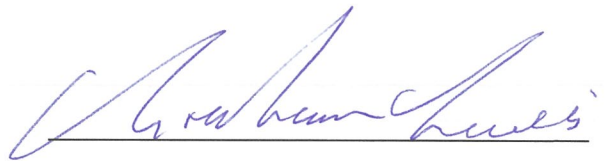
**STATEMENT OF FINANCIAL POSITION**

As at 30 June, 2018

	Note	2018 \$	2017 \$
<b>Current assets</b>			
Bank accounts and cash	3	289,304	182,652
Debtors		26,539	20,465
<b>Total current assets</b>		<b>315,843</b>	<b>203,117</b>
<b>Non-current assets</b>			
Property, plant and equipment	4	15,886,730	16,315,865
<b>Total non-current assets</b>		<b>15,886,730</b>	<b>16,315,865</b>
<b>Total assets</b>		<b>16,202,573</b>	<b>16,518,982</b>
<b>Current liabilities</b>			
Accrued expenditure		14,538	17,518
Goods and services tax		3,827	399
Borrowings	5	19,500	19,500
<b>Total current liabilities</b>		<b>37,865</b>	<b>37,417</b>
<b>Total liabilities</b>		<b>37,865</b>	<b>37,417</b>
<b>Equity</b>			
Accumulated funds	6	16,164,708	16,481,565
<b>Total equity</b>		<b>16,164,708</b>	<b>16,481,565</b>
<b>Total liabilities and equity</b>		<b>16,202,573</b>	<b>16,518,982</b>



Trustee  
24 September 2018



Trustee

The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with the financial statements.

## THE INVERCARGILL CITY CHARITABLE TRUST BOARD

### STATEMENT OF CASH FLOWS For the year ended 30 June, 2018

	<u>2018</u>	<u>2017</u>
	<u>\$</u>	<u>\$</u>
<b>Cash flows from operating activities</b>		
Receipts of council funding	154,931	158,825
Receipts of subsidies, grants and donations	27,258	64,426
Receipts of recoveries and other revenue	-	1,655
Interest received	3,075	2,793
Payments to donees and suppliers	(80,173)	(486,535)
Interest paid	(2,535)	-
Goods and services tax (net)	4,096	507
<b>Net cash flows from operating activities</b>	<u>106,652</u>	<u>(258,329)</u>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	-	(22,129)
<b>Net cash flows from investing activities</b>	<u>-</u>	<u>(22,129)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowing	-	19,500
Repayment of borrowings	-	(9,919)
<b>Net cash flows from investing activities</b>	<u>-</u>	<u>9,581</u>
<b>Net increase (decrease) in cash</b>	106,652	(270,877)
Add: Opening cash	182,652	453,529
<b>Closing cash balance</b>	<u><u>289,304</u></u>	<u><u>182,652</u></u>

The Statement of Accounting Policies and Notes to the Financial Statements are an integral part of, and should be read in conjunction with the financial statements.

# THE INVERCARGILL CITY CHARITABLE TRUST BOARD

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June, 2018

1 Council funding	<u>2018</u> \$	<u>2017</u> \$
Grants	124,000	534,919
Rent, fees and recoveries	30,931	23,906
Total council funding	<u>154,931</u>	<u>558,825</u>

## 2 Operating leases as lessor

When the Trust assumed ownership of Rugby Park stadium it took over the existing lease that was in place with Rugby Southland Incorporated for use of the administration offices. As at 30 June, 2018 the lease has a non-cancellable term of 13 years at \$55,000 per annum. As part of its charitable operations the Trustees have agreed to forego receipt of the lease payments from Rugby Southland Incorporated.

3 Bank accounts and cash	<u>2018</u> \$	<u>2017</u> \$
Cash at bank	289,304	182,652
Total bank accounts and cash	<u>289,304</u>	<u>182,652</u>

4 Property, plant and equipment	<u>Land</u> \$	<u>Buildings</u> \$	<u>Property improvements</u> \$	<u>Total</u> \$
<b>Cost</b>				
Balance at 1 July, 2017	985,000	13,776,346	1,983,654	16,745,000
Additions	-	-	-	-
Disposals	-	-	-	-
Balance at 30 June, 2018	<u>985,000</u>	<u>13,776,346</u>	<u>1,983,654</u>	<u>16,745,000</u>
Balance at 1 July, 2016	-	-	99,055	99,055
Additions	985,000	13,776,346	1,983,654	16,745,000
Disposals	-	-	(99,055)	(99,055)
Balance at 30 June, 2017	<u>985,000</u>	<u>13,776,346</u>	<u>1,983,654</u>	<u>16,745,000</u>

## THE INVERCARGILL CITY CHARITABLE TRUST BOARD

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June, 2018

4 Property, plant and equipment (continued)	Land \$	Buildings \$	Property improvements \$	Total \$
<b>Accumulated depreciation</b>				
Balance at 1 July, 2017	-	(308,492)	(120,643)	(429,135)
Depreciation expense	-	(308,491)	(120,644)	(429,135)
Balance at 30 June, 2018	-	(616,983)	(241,287)	(858,270)
Balance at 1 July, 2016	-	-	-	-
Depreciation expense	-	(308,492)	(120,643)	(429,135)
Balance at 30 June, 2017	-	(308,492)	(120,643)	(429,135)
<b>Carrying amounts</b>				
Balance at 30 June, 2017	985,000	13,467,854	1,863,011	16,315,865
Balance at 30 June, 2018	985,000	13,159,363	1,742,367	15,886,730

The initial valuation of property, plant and equipment was performed by an independent registered valuer, A Ronald of QV Asset & Advisory. The valuation is effective as at 30 June, 2017. The Trust has elected to apply PBE IPSAS 17 Property, Plant and Equipment in measuring the value of Rugby Park Stadium.

5 Borrowings	2018 \$	2017 \$
Southland Amateur Sports Trust	19,500	19,500
Total borrowings	19,500	19,500

The Trust assumed an historical mortgage with the Southland Amateur Sports Trust when it took over ownership of Rugby Park stadium. The loan is repayable on demand.

6 Equity	2018 \$	2017 \$
<b>Accumulated funds</b>		
Balance at 1 July	16,481,565	142,773
Net surplus/(deficit) for the year	(316,857)	16,338,792
Balance at 30 June	16,164,708	16,481,565



# THE INVERCARGILL CITY CHARITABLE TRUST BOARD

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June, 2018

### 7 Statement of intent performance

Listed below are the Trust's forecasted returns as per the 2018 Statement of Intent compared with actual results.

	Actual \$	Forecast \$
Operating revenue (excluding finance income)	188,931	168,000
Operating expenses (excluding interest and depreciation)	77,193	168,000
Operating surplus/(deficit)	111,738	-

Operating revenue received was more than forecast due to recovery of costs relating to Rugby Park stadium from Invercargill Venue & Events Management Ltd, and the recovery of audit fees paid by the Trust from Invercargill City Council.

Operating expenses paid was less than forecast because grants paid for the capital maintenance of Rugby Park stadium were not required to be paid out this year.

### 8 Taxation

The Trust is a charitable organisation registered with the Charities Commission and is exempt from taxation.

### 9 Audit fees

Audit fees accrued for the 2018 year are \$10,199 (2017: \$6,265) plus disbursements.

Audit fees are recovered from the Invercargill City Council, and recognised as receivable at balance date.

### 10 Related parties

The Trust has transactions with the entities the Trustees' represent as detailed below.

The Invercargill City Council has during the 2018 year granted to the Trust \$24,000 for funding the events operated and managed by the Trust (2017: \$25,000). There is no balance owing at 30 June, 2018 (2017: Nil).

Invercargill City Council is charged a fee of \$3,339 GST exclusive (2017: \$3,200) for services provided by the administrator of the Trust for operating and managing these events on behalf of the Invercargill public. As this is not a purpose of the Council, ICC has delegated the responsibility of running the events to the Trust as this is one of the Trust's purposes. There is a balance owing at 30 June, 2018 of \$3,840 GST inclusive (2017: \$3,680).

The Trust pays Invercargill City Council a reimbursement of costs \$3,339 GST exclusive (2017: \$3,200) for services provided by ICC staff acting for the administrator of the Trust operating and managing these events. There is a balance owing at 30 June, 2018 of \$3,840 GST inclusive (2017: \$7,360).

The Trust has paid \$4,564 GST exclusive for services to the Invercargill City Council (2017: \$2,594).

Invercargill City Council has paid a grant of \$100,000 (2017: \$100,000) to the Trust for the costs of operations and maintenance of Rugby Park Stadium. There is no balance owing at 30 June, 2018 (2017: Nil).

The Trust receives from Invercargill Venue & Events Management Limited, a subsidiary of Invercargill City Council, \$15,544 GST exclusive in rent and recoveries relating to Rugby Park stadium (2017: \$13,441). There is a balance owing at 30 June, 2018 of \$11,500 GST inclusive (2017: \$11,500).

In the 2017 financial year the Invercargill City Council forgave an advance of \$9,919 owing by the Trust, by providing the Trust with a grant for the full amount.

In the 2017 financial year the Trust paid \$22,216 to Invercargill Events and Management Ltd, a subsidiary of Invercargill City Council, for reimbursement of capital expenditure on Rugby Park Stadium and for the hire of the Scottish Hall. There was no balance owing at 30 June, 2017.

## THE INVERCARGILL CITY CHARITABLE TRUST BOARD

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June, 2018

#### **11 Events after the balance sheet date**

There have been no significant events between year end and the signing of the Financial Statements.

#### **12 Contingencies**

There are no contingent assets or liabilities at 30 June, 2018 (2017: Nil).

#### **13 Commitments**

There are no commitments contracted for at 30 June, 2018 (2017: Nil).

# THE INVERCARGILL CITY CHARITABLE TRUST BOARD

## STATEMENT OF ACCOUNTING POLICIES

For the year ended 30 June, 2018

### GENERAL INFORMATION

The financial statements presented here are for The Invercargill City Charitable Trust Board ("the Trust"), which is a Trust incorporated and domiciled in New Zealand on 16 October, 1984.

The financial statements of the Trust are for the year ended 30 June, 2018. The financial statements were authorised for issue by the Board of Trustees on 24 September, 2018. The Board of Trustees do not have the power to amend these financial statements once issued.

### BASIS OF PREPARATION

The Board has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting - Accrual (Public Sector) on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

The financial statements are presented in New Zealand Dollars (NZD). All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

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

### SUBSIDIES AND GRANTS REVENUE

Subsidies and grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met ("use or return condition"). If there is such an obligation, the subsidy or grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

### EXPENDITURE

All expenditure is recognised in the Statement of Financial Performance in the period in which it is incurred.

### GRANTS PAID

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Trust has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the trust's decision.

### BANK ACCOUNTS AND CASH

Bank accounts and cash includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at fair value, 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 future economic benefits or 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 recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

# THE INVERCARGILL CITY CHARITABLE TRUST BOARD

## STATEMENT OF ACCOUNTING POLICIES

For the year ended 30 June, 2018

### PROPERTY, PLANT AND EQUIPMENT (continued)

#### 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 reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

#### Revaluation

Property, plant and equipment are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from fair value and at least every three years.

Revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

### DEPRECIATION

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

### BORROWINGS

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

### GOODS AND SERVICES TAX

The Trust is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

### CHANGES IN ACCOUNTING POLICIES

There are no changes in accounting policies during the year.

## Independent Auditor's Report

### To the readers of Invercargill City Charitable Trust's financial statements and performance information for the year ended 30 June 2018

The Auditor-General is the auditor of Invercargill City Charitable Trust (the Trust). The Auditor-General has appointed me, Ian Lothian, 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 the Trust on pages 4 to 12, that comprise the statement of financial position as at 30 June 2018, the statement of financial performance, 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 the Trust contained on page 9.

In our opinion:

- the financial statements of the the Trust on pages 4 to 12:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2018; 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 the Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Accounting Standard; and
- the performance information of the Trust contained on page 9 presents fairly, in all material respects, the the Trust's actual performance compared against the performance targets and other measures by which performance was judged in relation to the the Trust's objectives for the year ended 30 June 2018.

Our audit was completed on 24 September 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

## **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 Trustees for the financial statements and the performance information**

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

The Trustees are responsible for such internal control as they determine is necessary to enable them 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 Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Trustees intend to liquidate the the Trust or to cease operations, or have no realistic alternative but to do so.

The Trustees' responsibilities arise from the Local Government Act 2002 and the Trust Deed of the Trust.

## **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.

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 Trustees.
- 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 Trustees 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 Trustees 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 page 3, 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(Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Trust.

A handwritten signature in black ink that reads "Ian Lothian". The signature is written in a cursive, flowing style.

Ian Lothian  
Audit New Zealand  
On behalf of the Auditor-General  
Dunedin, New Zealand