

The Invercargill City Charitable Trust Board

Annual Report
For the year ended 30 June 2014

The Invercargill City Charitable Trust Board

Table of Contents

| | <i>Page No.</i> |
|-----------------------------------|-----------------|
| Trust Directory | 3 |
| Statement of Comprehensive Income | 4 |
| Statement of Changes in Equity | 5 |
| Statement of Financial Position | 6 |
| Statement of Accounting Policies | 7-8 |
| Notes to the Financial Statements | 9-11 |
| Auditor's Report | 12 |

The Invercargill City Charitable Trust Board

Trust Directory

Trustees

Invercargill City Council

T R Shadbolt (ICC Mayor)

D Ludlow (ICC Deputy Mayor)

R J King (ICC CEO)

Auditor

Audit New Zealand

Dunedin

Registered office

c/o Invercargill City Council

101 Esk Street

Invercargill

Bankers

BNZ

Invercargill

Postal address

Private Bag 90104

Invercargill

Phone (03) 2111 669

Fax (03) 2111 435

Solicitors

Preston Russell Law

92 Spey Street

Invercargill

The Invercargill City Charitable Trust Board

Statement of Comprehensive Income For the Year Ended 30 June 2014 In New Zealand Dollars

| | <i>2014</i> | <i>2013</i> |
|--|-------------|-------------|
| Income | | |
| Grants | 71,500 | 77,500 |
| Sponsorship and Advertising | - | 1,750 |
| Management Fees | 3,061 | 3,317 |
| Sundry Expenses Reimbursements | 3,945 | 1,817 |
| Interest | 638 | 288 |
| | <hr/> | <hr/> |
| Total Income | 79,144 | 84,672 |
| | <hr/> | <hr/> |
| Less Expenses | | |
| Management and Administration expenses | 33,522 | 35,316 |
| Bank Fees | 30 | 30 |
| Audit Fees | 3,664 | 1,817 |
| Production and Technical Services | 8,501 | 6,655 |
| Marketing and Advertising | 15,428 | 13,102 |
| Performers, Travel & Accommodation | 15,548 | 15,665 |
| Statutory Licences | 44 | 44 |
| General Expenses | 343 | 92 |
| Legal Fees | 92 | - |
| | <hr/> | <hr/> |
| Total Expenses | 77,172 | 72,721 |
| | <hr/> | <hr/> |
| Comprehensive Income for the year | 1,972 | 11,951 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

The Invercargill City Charitable Trust Board

Statement of Changes in Equity For the Year Ended 30 June 2014 In New Zealand Dollars

| | <i>Note</i> | <i>2014</i> | <i>2013</i> |
|---------------------------------------|-------------|-------------|-------------|
| Balance at 1 July | | 11,109 | (842) |
| Total recognised comprehensive income | | 1,972 | 11,951 |
| | | <hr/> | <hr/> |
| Balance at 30 June | | 13,081 | 11,109 |
| | | <hr/> <hr/> | <hr/> <hr/> |

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

The Invercargill City Charitable Trust Board

Statement of Financial Position as at 30 June 2014 In New Zealand Dollars

| | <i>Note</i> | <i>2014</i> | <i>2013</i> |
|-------------------------------------|-------------|----------------------|----------------------|
| Assets | | | |
| Cash and cash equivalents | | 48,000 | 21,028 |
| Accrued Revenue | | <u>2,664</u> | <u>1,520</u> |
| Total Current Assets | | <u>50,664</u> | <u>22,548</u> |
| TOTAL ASSETS | | <u><u>50,664</u></u> | <u><u>22,548</u></u> |
| Liabilities | | | |
| Advance Invercargill City Council | | 9,919 | 9,919 |
| Revenue in Advance | | 25,000 | - |
| Accrued Expenses | | <u>2,664</u> | <u>1,520</u> |
| Total Current Liabilities | | <u>37,583</u> | <u>11,439</u> |
| TOTAL LIABILITIES | | <u>37,583</u> | <u>11,439</u> |
| Equity | | | |
| Retained Earnings | | <u>13,081</u> | <u>11,109</u> |
| TOTAL EQUITY | | <u>13,081</u> | <u>11,109</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>50,664</u></u> | <u><u>22,548</u></u> |

Trustee

Date: 23 September 2014

Trustee

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

The Invercargill City Charitable Trust Board

Statement of Accounting Policies For the Year Ended 30 June 2014

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 Trust provides grants for charitable purposes within the Invercargill District pursuant to the Charitable Trusts Act 1957.

The financial statements of the Trust are for the year ended 30 June 2014. The financial statements were authorised for issue by the Board of Trustees on 23 September 2014. The Board of Trustees do not have the power to amend these financial statements once issued.

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The ultimate parent of the Invercargill City Charitable Trust is the Invercargill City Council. The Invercargill City Council has exempted the Trust from being a council controlled organisation as defined in the Local Government Act 2002. The Trust's reporting obligations are a requirement of section 16 of its Trust Deed. The Trust is a public benefit entity.

The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), applying the Framework for Differential Reporting for entities adopting the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and its interpretations as appropriate to public benefit entities that qualify for and apply differential reporting concessions.

The Trust qualifies for Differential Reporting exemptions as all of the owners are represented on the governing body and it meets the size criteria as set out in the Framework for Differential Reporting. All available reporting exemptions allowed under the Framework for Differential Reporting for Entities Applying New Zealand Equivalents to IFRS Reporting Regime have been adopted.

The financial statements are presented in New Zealand Dollars (NZD). The financial statements are prepared on the historical cost basis.

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

REVENUE

Revenue is measured at the fair value of consideration received.

The Trust receives unconditional grants from Invercargill City Council and from other local organisations that are recognised as revenue when received. Other grants are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Interest income is recognised using the effective interest rate method.

EXPENDITURE

All expenditure is recognised in the Statement of Comprehensive Income in the period in which it is incurred.

CASH AND CASH EQUIVALENTS

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

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

The Invercargill City Charitable Trust Board

Statement of Accounting Policies For the Year Ended 30 June 2014

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 (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

FINANCIAL INSTRUMENTS

The Trust is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, debtors, creditors and loans. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Comprehensive Income.

CHANGES IN ACCOUNTING POLICIES

There are no changes in accounting policies during the year.

NEW STANDARDS ISSUED BUT YET EFFECTIVE

The Minister of Commerce has approved a new Accounting Standards framework (incorporating a tier Strategy) developed by the External Reporting Board (XRB). Under this accounting Standards Framework, the Committee will be eligible to apply the reduced disclosure regime (tier 3 reporting entity) of the public sector Public Benefit Entity Accounting Standards. The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. Therefore, the Committee will transition to the new standards in preparing its 30 June 2015 Financial statements.

The implications of the new Accounting Standards Framework on the Committee are not considered significant.

The Invercargill City Charitable Trust Board

Notes to the Financial Statements For the Year Ended 30 June 2014 In New Zealand Dollars

1 Contingent Liabilities

There are no contingent liabilities at 30 June 2014 (2013: Nil).

2 Commitments

There are no commitments contracted for at 30 June 2014 (2013: Nil).

3 Taxation

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

4 Audit Fees

Fees for the audit of the Trust are being paid by Invercargill City Council.

Audit fees accrued for the 2014 year are \$2,664 (2013 \$1,520) plus disbursements.

Audit fees are paid for by the Invercargill City Council, and recognised as receivable at balance date.

5 Post Balance Date Events

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

6 Related Parties

The Trust has transactions with the entities the Trustee's represent as detailed below. All transactions were undertaken on an arms length basis.

The Invercargill City Council has during the 2014 year granted to the Trust \$25,000 for funding the events operated and managed by the Trust. (2013, \$25,000). There is no balance owing at 30 June 2014 (2013: nil).

Invercargill City Council has paid a fee of \$3,061 (2013: \$3,317) 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 Trusts purposes. There is no balance owing at 30 June 2014 (2013: nil).

The Trust paid Invercargill City Council a reimbursement of costs \$3,061 (2013: \$3,317) for services provided by ICC staff acting for the administrator of the Trust operating and managing these events. There is no balance owing at 30 June 2014 (2013: nil).

The Trust received a grant of \$1,500 (2013: \$1,500) from the Invercargill Community Recreation and Sports Trust being a trust of the Invercargill City Council. This grant was for funding of the Southland Buskers Festival. There is no balance owing at 30 June 2014 (2013: nil).

7 Financial Instruments

Fair Values

The representatives consider the fair value of each class of financial instrument is the same as the carrying value in the Statement of Financial Position.

Credit Risk

Financial instruments which potentially subject the Trust to a credit risk consist principally of bank deposits and receivables. Bank accounts are placed with high credit quality financial institutions.

Security is not required for the provision of goods and services but regular monitoring of balances outstanding is undertaken.

The Invercargill City Charitable Trust Board

Notes to the Financial Statements For the Year Ended 30 June 2014 In New Zealand Dollars

Liquidity Risk

Liquidity Risk represents the Trust's ability to meet its contractual obligations.

The Trust evaluates its liquidity requirements on an ongoing basis. In general the Trust generates sufficient cash from its operating activities to meet its contractual obligations arising from financial liabilities.

The maturity profile for financial assets and liabilities as at 30 June 2014 is detailed in the following table:

| | <3months | 3-12 months | 1-3 Years | 3+ years | Total |
|------------------------------|----------|-------------|-----------|----------|--------|
| <u>Financial Assets</u> | | | | | |
| Cash and cash equivalents | 48,000 | - | - | - | 48,000 |
| Trade and other receivables | 2,664 | - | - | - | 2,664 |
| | 50,664 | - | - | - | 50,664 |
| <u>Financial Liabilities</u> | | | | | |
| Trade and other payables | 27,664 | 9,919 | - | - | 37,583 |
| | 27,664 | 9,919 | - | - | 37,583 |

The maturity profile for financial assets and liabilities as at 30 June 2013 is detailed in the following table:

| | <3months | 3-12 months | 1-3 Years | 3+ years | Total |
|------------------------------|----------|-------------|-----------|----------|--------|
| <u>Financial Assets</u> | | | | | |
| Cash and cash equivalents | 21,028 | - | - | - | 21,028 |
| Trade and other receivables | 1,520 | - | - | - | 1,520 |
| | 22,548 | - | - | - | 22,548 |
| <u>Financial Liabilities</u> | | | | | |
| Trade and other payables | 1,520 | 9,919 | - | - | 11,439 |
| | 1,520 | 9,919 | - | - | 11,439 |

The Invercargill City Charitable Trust Board

Notes to the Financial Statements For the Year Ended 30 June 2014

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices will affect the Trust's income or the value of its holdings of financial instruments.

Foreign Exchange and Currency Risk

The Trust is not exposed to foreign exchange or currency risk.

Interest Rate Risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Some of the cash and cash equivalents can be managed as short term deposits taken at fixed interest rates which expose the Trust to fair value interest rate risk, which is not significant as the fixed interest period is in the short term (less than 3 months). The financial assets and liabilities are exposed to interest rate risk as follows:

Financial Assets

| | |
|-----------------------------|-------------------------|
| Cash and cash equivalents | Variable interest rates |
| Trade and other receivables | Non interest bearing |

Financial Liabilities

| | |
|--------------------------|----------------------|
| Trade and other payables | Non interest bearing |
|--------------------------|----------------------|

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates.

The Trust does not have any off-balance sheet financial instruments.

Independent Auditor's Report

To the readers of Invercargill City Charitable Trust Board's financial statements for the year ended 30 June 2014

The Auditor-General is the auditor of Invercargill City Charitable Trust Board (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 of the Trust on her behalf.

We have audited the financial statements of the Trust on pages 4 to 11, that comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income and statement of changes in equity for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

Opinion

In our opinion the financial statements of the Trust on pages 4 to 11:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Trust's:
 - financial position as at 30 June 2014; and
 - financial performance for the year ended on that date.

Our audit was completed on 23 September 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether

due to fraud or error. In making those risk assessments; we consider internal control relevant to the preparation of the Trust's financial statements that fairly reflect the matters to which they relate. We consider internal control 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Trustees;
- the adequacy of all disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Trustees

The Trustees are responsible for preparing financial statements that:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect the Trust's financial position, financial performance.

The Trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Trustees are also responsible for the publication of the financial statements, whether in printed or electronic form.

The Trustees' responsibilities arise from clause 10(d) of the Trust Deed of the Trust.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and clause 10(d) of the Trust Deed of the Trust.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting 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 style with a long, sweeping tail on the final letter.

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