

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

**Financial Report
For the 6 months ended 31 December, 2018**

THE INVERCARGILL CITY CHARITABLE TRUST BOARD
TABLE OF CONTENTS

	Page No.
Entity information	3
Commentary	4
Statement of Financial Performance	5
Statement of Financial Position	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 10
Statement of Accounting Policies	11 - 12

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

ENTITY INFORMATION

For the 6 months ended 31 December, 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 ultimate parent of the Trust is the Invercargill City Council which has exempted the Trust from being a council-controlled organisation as defined in section 6 (4) (i) 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 R Amundsen (ICC Deputy mayor)

C V Hadley (ICC CEO)

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

COMMENTARY

For the 6 months ended 31 December, 2018

Year to date

Revenue:

- Grants received ILT (\$11,000), ILT Foundation (\$11,000), and The Southern Trust (\$6,500) relate to the Buskers festival held 31 January - 3 February, 2019.
- Recoveries include those from ICC for 2018 audit fees and those from Invercargill Venue & Events Management Ltd (IVEM) for rates paid on Rugby Park Stadium.

Expenditure:

- Buskers Festival expenditure paid prior to staging was \$19,100.
- Expenditure relating to Rugby Park Stadium was \$5,589
- Depreciation relates to Rugby Park Stadium \$214,567.

The result for the 6 months ending 31 December, 2018 is a net deficit of \$205,369.

Full year projection

Revenue:

- The Trust will receive further grants for the Buskers Festival (\$33,000) and for the maintenance of Rugby Park Stadium (\$100,000).
- A further \$12,000 is expected to be received or accrued for recoveries of expenses paid and from interest revenue.

Expenditure:

- Further expenditure for the 2019 Buskers Festival is expected to be \$42,350.
- A grant of \$100,000 is expected to be paid to IVEM for the upkeep of Rugby Park Stadium.
- Further operating expenditure of \$12,000 is expected to be paid or accrued in the next six months.
- A further \$214,567 of depreciation will be incurred by year's end.

The projected result for the year ended 30 June, 2019 is a net deficit of \$441,286.

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

STATEMENT OF FINANCIAL PERFORMANCE

For the 6 months ended 31 December, 2018

	Note	2018 \$	2017 \$
Revenue			
Council funding	1	3,316	4,033
Subsidies and grants		28,500	27,000
Finance income		2,572	1,595
Total revenue		34,388	32,628
Expenditure			
Commissions and levies		44	44
Depreciation		214,567	214,567
Fees		2,267	-
General expenses		457	848
Marketing and advertising		2,400	8,417
Performers, travel and accommodation expenses		15,600	14,000
Production and technical services		1,100	1,500
Rates		3,322	3,105
Total expenditure		239,757	242,481
Net deficit for the year		(205,369)	(209,853)

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

STATEMENT OF FINANCIAL POSITION

As at 31 December, 2018

	Note	2018 \$	2017 \$
Current assets			
Bank accounts and cash	3	281,954	185,307
Debtors		26,610	11,000
Goods and services tax		-	507
Total current assets		308,564	196,814
Non-current assets			
Property, plant and equipment	4	15,672,163	16,101,298
Total non-current assets		15,672,163	16,101,298
Total assets		15,980,727	16,298,112
Current liabilities			
Accrued expenditure		-	6,900
Goods and services tax		1,888	-
Borrowings	5	19,500	19,500
Total current liabilities		21,388	26,400
Total liabilities		21,388	26,400
Equity			
Accumulated funds	6	15,959,339	16,271,712
Total equity		15,959,339	16,271,712
Total liabilities and equity		15,980,727	16,298,112

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

STATEMENT OF CASH FLOWS For the 6 months ended 31 December, 2018

	2018 \$	2017 \$
	<u> </u>	<u> </u>
Cash flows from operating activities		
Receipts of council funding	2,819	4,033
Receipts of subsidies, grants and donations	29,000	36,465
Interest received	2,572	1,595
Payments to donees and suppliers	(39,728)	(37,148)
Goods and services tax (net)	(2,013)	(2,290)
	<u> </u>	<u> </u>
Net cash flows from operating activities	(7,350)	2,655
Cash flows from investing activities		
Purchases of property, plant and equipment	-	-
	<u> </u>	<u> </u>
Net cash flows from investing activities	-	-
Cash flows from financing activities		
Repayment of borrowings	-	-
	<u> </u>	<u> </u>
Net cash flows from investing activities	-	-
Net (decrease) increase in cash	(7,350)	2,655
Add: Opening cash	289,304	182,652
	<u> </u>	<u> </u>
Closing cash balance	<u><u>281,954</u></u>	<u><u>185,307</u></u>

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS For the 6 months ended 31 December, 2018

	2018	2017
	\$	\$
1 Council funding	<u> </u>	<u> </u>
Grants	-	-
Rent, fees and recoveries	3,316	4,033
Total council funding	<u>3,316</u>	<u>4,033</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.

	2018	2017
	\$	\$
3 Bank accounts and cash	<u> </u>	<u> </u>
Cash at bank	281,954	185,307
Total bank accounts and cash	<u>281,954</u>	<u>185,307</u>

	Land	Buildings	Property improvements	Total
	\$	\$	\$	\$
4 Property, plant and equipment				
Cost				
Balance at 1 July, 2018	985,000	13,776,346	1,983,654	16,745,000
Additions	-	-	-	-
Disposals	-	-	-	-
Balance at 31 December, 2018	<u>985,000</u>	<u>13,776,346</u>	<u>1,983,654</u>	<u>16,745,000</u>
Balance at 1 July, 2017	985,000	13,776,346	1,983,654	16,745,000
Additions	-	-	-	-
Disposals	-	-	-	-
Balance at 31 December, 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 6 months ended 31 December, 2018

4 Property, plant and equipment (continued)	Land \$	Buildings \$	Property improvements \$	Total \$
Accumulated depreciation				
Balance at 1 July, 2018	-	(616,983)	(241,287)	(858,270)
Depreciation expense	-	(154,245)	(60,322)	(214,567)
Balance at 31 December, 2018	-	(771,228)	(301,609)	(1,072,837)
<hr/>				
Balance at 1 July, 2017	-	(308,492)	(120,643)	(429,135)
Depreciation expense	-	(154,245)	(60,322)	(214,567)
Balance at 31 December, 2017	-	(462,737)	(180,965)	(643,702)
<hr/>				
Carrying amounts				
Balance at 31 December, 2017	985,000	13,313,609	1,802,689	16,101,298
Balance at 31 December, 2018	985,000	13,005,118	1,682,045	15,672,163

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 \$
Accumulated funds		
Balance at 1 July	16,164,708	16,481,565
Net deficit for the year	(205,369)	(209,853)
Balance at 31 December	15,959,339	16,271,712

7 Taxation

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

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS For the 6 months ended 31 December, 2018

8 Events after the balance sheet date

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

9 Contingencies

There are no contingent assets or liabilities at 31 December, 2018.

10 Commitments

There are no commitments contracted for at 31 December, 2018.

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

STATEMENT OF ACCOUNTING POLICIES For the 6 months ended 31 December, 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 six months ended 31 December, 2018. The financial statements were authorised for issue by the Board of Trustees on 28 September, 2017. 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 31 December, 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.