

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

## Half Year Report

For the six months ended 31 December, 2020



# THE INVERCARGILL CITY CHARITABLE TRUST BOARD

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## THE INVERCARGILL CITY CHARITABLE TRUST BOARD

### ENTITY INFORMATION

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#### Legal name

The Invercargill City Charitable Trust Board (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.

#### Charities Services registration number

CC32606

#### 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)

N Clark (ICC Deputy Mayor)

*appointed November 2020*

C V Hadley (ICC CEO)

T Biddle (ICC Councillor)

*resigned November 2020*

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

Operating grants and donations received from Invercargill City Council and other community funders are the primary sources of funding for 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 costs relating to the ownership and maintenance of Rugby Park Stadium.

#### Registered office

C/- Invercargill City Council  
101 Esk Street  
Invercargill

#### Bankers

Bank of New Zealand  
84 Esk Street, Invercargill

#### Postal address

Private Bag 90-104  
Invercargill  
Phone (03) 2111 777  
Fax (03) 2111 692

#### Solicitors

Preston Russell Law  
45 Yarrow Street, Invercargill

#### Auditor

Audit New Zealand  
on behalf of the Auditor - General

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

### **COMMENTARY**

**For the six months ended 31 December, 2020**

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#### **Year to date**

##### *Revenue:*

Total revenue for the six months to 31 December is \$15k lower than the prior period, with a total of \$10k received in the current period (prior period \$24k). In the prior year \$22k of grants had been received for the Buskers Festival event. This event has not been held in the current year. Grants of \$10k were received for the Xmas in the Park event held in December 2020. This is the first year the Trust has received grants for this event.

##### *Expenditure:*

Total expenditure for the six months to 31 December is in line with the prior year, with total expenditure of \$250k in the current period (prior period \$248k). Depreciation expense has increased by \$6k from the prior period to \$225k this year (prior period \$219k). The increase in depreciation expense is due to the depreciation rates increasing subsequent to the 2020 final audit.

There are no costs in the current year relating to the Buskers Festival (prior period \$22k). Grant payment of \$13k was made to Massav Productions who put on the Xmas in the Park event.

For the six months to 31 December the Trust has paid \$7,200 to Rugby Southland (nil in the prior period) to cover the rent of their temporary office space.

For the six months ending 31 December 2020, there is a deficit of \$240k, which is \$16k more than the prior period deficit of \$224k.

The deficit is due to the increased depreciation expense and the payments to Rugby Southland to cover the cost of their temporary office space.

#### **Full year projection**

##### *Revenue:*

Total revenue for the year ended 30 June 2020 is forecast to be \$15k. Of this, we have received 10k as at 31 December 2020. The remaining \$5k is expected to be made up of:

- A further \$5k in grants for Xmas in the Park

##### *Expenditure:*

Total expenditure for the year ended 30 June 2020 is forecast to be \$475k. Of this, \$240k of expenses have been paid or accrued for as at 31 December 2020. The remaining \$235k of expenses is expected to be made up of:

- A further \$225k of depreciation expenditure relating to Rugby Park Stadium
- A further \$3k rates expense relating to Rugby Park Stadium
- A further \$7k of rental payments to Rugby Southland

As at 30 June 2020, a net deficit of \$460k is forecast.

## THE INVERCARGILL CITY CHARITABLE TRUST BOARD

### STATEMENT OF FINANCIAL PERFORMANCE For the six months ended 31 December, 2020

	<i>Note</i>	2020 \$	2019 \$
<b>Revenue</b>			
Council funding	1	-	389
Grants and donations		10,074	22,000
Interest income		519	2,030
Other revenue		(1,000)	67
<b>TOTAL REVENUE</b>		<b>9,593</b>	<b>24,486</b>
<b>Expenses</b>			
Audit fees		-	(422)
Buskers festival		-	22,200
Depreciation	7	225,617	219,370
Interest expense		-	634
Grants		13,929	-
Other expenses	2	10,054	6,496
<b>TOTAL EXPENSES</b>		<b>249,600</b>	<b>248,278</b>
<b>NET SURPLUS/(DEFICIT)</b>		<b>(240,007)</b>	<b>(223,792)</b>
<b>Other comprehensive revenue and expense</b>			
<b>TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>		<b>(240,007)</b>	<b>(223,793)</b>

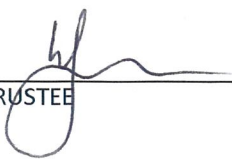
The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with these financial statements.

**THE INVERCARGILL CITY CHARITABLE TRUST BOARD**

**STATEMENT OF FINANCIAL POSITION**

For the six months ended 31 December, 2020

	<i>Note</i>	2020 \$	2019 \$
<b>Assets</b>			
<i>Current assets</i>			
Bank accounts and cash	3	431,874	388,566
Debtors	4	13,741	17,153
Accrued revenue		-	1,567
GST Receivable		3,017	-
		448,632	407,286
<b>TOTAL CURRENT ASSETS</b>		<b>448,632</b>	<b>407,286</b>
<i>Non-current assets</i>			
Property, plant and equipment	7	15,490,538	17,268,630
<b>TOTAL NON-CURRENT ASSETS</b>		<b>15,490,538</b>	<b>17,268,630</b>
<b>TOTAL ASSETS</b>		<b>15,939,170</b>	<b>17,675,916</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Creditors and accrued expenses		1,380	4,499
GST payable		-	1,888
Borrowings	5	-	19,500
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,380</b>	<b>25,887</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>1,380</b>	<b>25,887</b>
<b>TOTAL ASSETS less TOTAL LIABILITIES</b>		<b>15,937,790</b>	<b>17,650,029</b>
<b>Equity</b>			
Accumulated funds	6	15,197,286	15,621,513
Asset revaluation reserve	6	740,504	2,030,404
<b>TOTAL TRUST EQUITY</b>		<b>15,937,790</b>	<b>17,651,916</b>

  
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 TRUSTEE

25-Feb-21

  
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 TRUSTEE

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

**THE INVERCARGILL CITY CHARITABLE TRUST BOARD**

**STATEMENT OF CASH FLOWS**

**For the six months ended 31 December, 2020**

	<i>Note</i>	<b>2020</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
<b><i>Cash flows from operating activities</i></b>			
Receipts of council funding		114,915	100,000
Receipts of subsidies, grants and donations		10,074	22,000
Receipts of other income		-	10,240
Interest receipts		519	2,030
Payments to suppliers		(39,072)	(50,663)
GST (net)		(4,469)	1,190
<b>Net cash flow from / to operating activities</b>		<b>81,968</b>	<b>84,797</b>
<b><i>Cash Flows from investing and financing activities</i></b>			
Purchase of property, plant, and equipment		-	-
<b>Net cash flow from / to investing and financing activities</b>		<b>-</b>	<b>-</b>
Net increase/ (decrease) in cash		81,968	84,797
Opening cash balance		349,905	303,769
<b>CLOSING CASH BALANCE</b>		<b>431,874</b>	<b>388,566</b>

The Statement of Accounting Policies and Notes form 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 six months ended 31 December, 2020**

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#### **ACCOUNTING POLICIES APPLIED**

##### ***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 ending 31 December 2020.

##### ***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.

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.

The Board of Trustees do not have the power to amend the financial statements once they have been issued.

#### **SIGNIFICANT ACCOUNTING POLICIES**

##### ***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.

When grants are receivable as compensation for expenses already incurred, these are recognised as income in the period in which they are receivable.

##### ***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 comprise cash on hand, cheque or savings accounts, deposits held at call with banks, and other short-term highly liquid investments with original maturities of less than three months.

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

### **STATEMENT OF ACCOUNTING POLICIES For the six months ended 31 December, 2020**

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#### ***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 if, and only if, 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.

#### ***Subsequent Costs***

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.

#### ***Disposals***

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Financial Performance. 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 (at least every three years) to ensure that the carrying Revaluation movements are accounted for on an asset class basis.

The net revaluation results are credited or debited to other comprehensive revenue, and are accumulated to an asset

#### ***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.

#### ***TAXATION***

The Trust is a charitable organisation registered with Charities Services and is therefore exempt from taxation.

#### ***CHANGES IN ACCOUNTING POLICIES***

There have been no changes in accounting policies during the reporting period.

#### ***TIER 2 PBE ACCOUNTING STANDARDS APPLIED***

The Trust has elected to apply PBE IPSAS 17 Property, Plant and Equipment in measuring the fair value of Rugby Park Stadium, and has completed an impairment assessment in accordance with the standard, PBE IPSAS 26 - Impairment of Cash Generating Assets.

**THE INVERCARGILL CITY CHARITABLE TRUST BOARD**

**NOTES TO THE FINANCIAL STATEMENTS**

For the six months ended 31 December, 2020

	2020	2019
	\$	\$
<b>1 Council funding</b>		
Grants	-	-
Recoveries	(1,000)	389
<b>Total council funding</b>	<b>(1,000)</b>	<b>389</b>
<b>2 Other expenses</b>		
Rates	3,810	3,428
Rental Payments - Rugby Southland	7,200	-
Other	(956)	3,068
<b>Total other expenses</b>	<b>10,054</b>	<b>6,496</b>
<b>3 Bank accounts and cash</b>		
Cash at bank	431,874	388,566
<b>Total bank accounts and cash</b>	<b>431,874</b>	<b>388,566</b>
<b>4 Trade debtors</b>		
Audit fee and disbursements recovery	13,741	17,153
<b>Total accrued revenue</b>	<b>13,741</b>	<b>17,153</b>
<b>5 Borrowings</b>		
Southland Amateur Sports Trust (SAST)	-	19,500
<b>Total borrowings</b>	<b>-</b>	<b>19,500</b>

The loan from Southland Amateur Sports Trust (SAST) was voluntarily repaid in full (and all interest owing) on 21 February 2020.

## THE INVERCARGILL CITY CHARITABLE TRUST BOARD

### NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December, 2020

6 Equity	2020 \$	2019 \$
<b>Accumulated funds</b>		
Balance at 1 July	15,437,293	15,845,305
Surplus/(deficit) for the year	(240,007)	(223,793)
<b>Balance at 31 December</b>	<b>15,197,286</b>	<b>15,621,512</b>
<b>Asset revaluation reserve</b>		
Balance at 1 July	740,504	2,030,404
Asset revaluation gains/(losses)	-	-
<b>Balance at 31 December</b>	<b>740,504</b>	<b>2,030,404</b>
<b>TOTAL EQUITY at 31 December</b>	<b>15,937,790</b>	<b>17,651,916</b>
Asset revaluation reserves for each class of asset consist of:		
Land	515,000	515,000
Buildings	46,228	1,336,128
Property improvements	179,276	179,276
<b>Total</b>	<b>740,504</b>	<b>2,030,404</b>

### 7 Property, plant & equipment

	Land \$	Buildings \$	Property Improvements \$	Total \$
<b>Cost</b>				
Carrying amount at 1 July 2020	1,500,000	12,555,895	1,660,260	15,716,155
Additions	-	-	-	-
Disposals (net of accumulated depreciation)	-	-	-	-
Depreciation expense	-	(155,247)	(70,370)	(225,617)
<b>Carrying amount at 31 December 2020</b>	<b>1,500,000</b>	<b>12,400,648</b>	<b>1,589,890</b>	<b>15,490,538</b>
<b>Carrying amount at 1 July 2019</b>	<b>1,500,000</b>	<b>14,187,000</b>	<b>1,801,000</b>	<b>17,488,000</b>
Additions	-	-	-	-
Disposals (net of accumulated depreciation)	-	-	-	-
Depreciation expense	-	(158,895)	(60,475)	(219,370)
<b>Carrying amount at 31 December 2019</b>	<b>1,500,000</b>	<b>14,028,105</b>	<b>1,740,525</b>	<b>17,268,630</b>

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

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the six months ended 31 December, 2020**

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#### **8 Related Parties**

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

Invercargill City Council has reimbursed the Trust for the audit fees for 2019/20 year end audit of \$13,741 (31 December 2019: \$17,153). There is a balance owing at 31 December of \$13,741 (31 December 2019: \$17,153).

#### **9 Contingencies**

There are no known contingent liabilities (or assets) at 31 December 2020 (31 December 2019: nil).

#### **10 Commitments**

ICCT have an obligation to provide office space for Rugby Southland Incorporated under an existing lease agreement. As at 31 December 2020 ICCT have paid \$7,200 (31 December 2019: nil) for the relocation and rental of alternate offices at the Invercargill Netball Centre and are committed to paying \$1,200 per month until the toxic mould issues at the Stadium have been resolved and the administration offices there are safe to reinhabit (31 December 2019: nil).

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

No known events after balance sheet date.

