

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

Half Year Report

For the six months ended 31 December, 2021

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

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THE INVERCARGILL CITY CHARITABLE TRUST BOARD

ENTITY INFORMATION

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)
C V Hadley (ICC CEO)

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 and costs relating to the ownership and maintenance of Rugby Park Stadium.

Registered office

C/- Invercargill City Council
101 Esk Street
Invercargill

Postal address

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

Bankers

Bank of New Zealand
84 Esk Street, Invercargill

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, 2021

Year to date

Revenue:

Total revenue for the six months to 31 December is \$9k lower than the prior period, with a total of \$1k received in the current period (prior period \$10k). In the prior year \$10k of grants had been received for the Xmas in the Park event held in December 2020. This event was cancelled in 2021 due to Covid restrictions on events.

Expenditure:

Total expenditure for the six months to 31 December is in line with last year, with total expenditure of \$247k in the current period (prior period \$250k).

For the six months ending 31 December 2021, there is a deficit of \$246k, which is \$6k more than the prior period deficit of \$240k.

The increased deficit is due to the higher rental costs to cover Rugby Southland's temporary office space.

Full year projection

Revenue:

Total revenue for the year ended 30 June 2022 is forecast to be \$14k. Of this, we have received 1k as at 31 December 2021. The remaining \$13k is expected to be made up of recovery of audit fees.

Expenditure:

Total expenditure for the year ended 30 June 2022 is forecast to be \$475k. Of this, \$247k of expenses have been paid or accrued for as at 31 December 2021. The remaining \$228k of expenses is expected to be made up of:

- A further \$3k rates expense relating to Rugby Park Stadium
- A further \$18k of rental payments to Rugby Southland

- A further \$225k of depreciation expenditure relating to Rugby Park Stadium. This Expense is subject to change due to the Stadium being revalued this year

As at 30 June 2022, a projected net deficit of \$461k is forecast.

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

STATEMENT OF FINANCIAL PERFORMANCE

For the six months ended 31 December, 2021

		2021	2020
	<i>Note</i>	\$	\$
Revenue			
Council funding	1	-	(1,000)
Grants and donations		-	10,074
Interest income		917	519
		<hr/>	<hr/>
TOTAL REVENUE		917	9,593
Expenses			
Depreciation	7	225,617	225,617
Grants		-	13,929
Other expenses	2	21,774	10,055
		<hr/>	<hr/>
TOTAL EXPENSES		247,390	249,600
		<hr/>	<hr/>
NET SURPLUS/(DEFICIT)		(246,473)	(240,007)
Other comprehensive revenue and expense			
		<hr/>	<hr/>
TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENSE		-	-
		<hr/>	<hr/>
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		(246,473)	(240,008)

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, 2021

	Note	2021 \$	2020 \$
Assets			
Current assets			
Bank accounts and cash	3	439,533	431,874
Debtors	4	-	13,741
Accrued revenue		12,308	
GST Receivable		2,001	3,017
		<u>453,842</u>	<u>448,632</u>
TOTAL CURRENT ASSETS		453,842	448,632
Non-current assets			
Property, plant and equipment	6	14,739,305	15,490,538
		<u>14,739,305</u>	<u>15,490,538</u>
TOTAL NON-CURRENT ASSETS		14,739,305	15,490,538
TOTAL ASSETS		15,193,147	15,939,170
Liabilities			
Current liabilities			
Creditors and accrued expenses		35,320	1,380
GST payable		-	-
		<u>35,320</u>	<u>1,380</u>
TOTAL CURRENT LIABILITIES		35,320	1,380
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		35,320	1,380
TOTAL ASSETS less TOTAL LIABILITIES		15,157,827	15,937,790
Equity			
Accumulated funds	5	14,463,551	15,197,285
Asset revaluation reserve	5	694,276	740,504
		<u>15,157,827</u>	<u>15,937,790</u>
TOTAL TRUST EQUITY		15,157,827	15,937,790

TRUSTEE

28-Feb-22

TRUSTEE

The Statement of Accounting Policies and Notes form an integral part of, and should be read in conjunction with these financial statements. The opening balances for the 2021/22 year are as per the draft annual report for 2020/21. The audit of the annual report for 2020/21 is expected to be completed by 31 May 2022.

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

STATEMENT OF CASH FLOWS

For the six months ended 31 December, 2021

	<i>Note</i>	2021	2020
		\$	\$
<i>Cash flows from operating activities</i>			
Receipts of council funding		-	114,915
Receipts of subsidies, grants and donations		-	10,074
Receipts of other income		-	-
Interest receipts		917	519
Payments to suppliers		(1,031)	(39,072)
GST (net)		1,660	(4,469)
Net cash flow from / to operating activities		1,545	81,968
<i>Cash Flows from investing and financing activities</i>			
Purchase of property, plant, and equipment		-	-
Net cash flow from / to investing and financing activities		-	-
Net increase/ (decrease) in cash		1,545	81,968
Opening cash balance		437,987	349,905
CLOSING CASH BALANCE		439,533	431,874

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, 2021

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 2021.

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, 2021

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, 2021

	2021	2020
1 Council funding	\$	\$
Grants	-	-
Recoveries	-	(1,000)
Total council funding	-	(1,000)
2 Other expenses	\$	\$
Rates	3,924	3,810
Rental Payments - Rugby Southland	-	7,200
Other	17,850	(955)
Total other expenses	21,774	10,055
3 Bank accounts and cash	\$	\$
Cash at bank	439,533	431,874
Total bank accounts and cash	439,533	431,874
4 Trade debtors	\$	\$
Audit fee and disbursements recovery	-	13,741
Total accrued revenue	-	13,741

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December, 2021

	2021	2020
	\$	\$
5 Equity		
Accumulated funds		
Balance at 1 July	14,710,024	15,437,293
Surplus/(deficit) for the year	(246,473)	(240,008)
Balance at 31 December	14,463,551	15,197,285
Asset revaluation reserve		
Balance at 1 July	694,276	740,504
Asset revaluation gains/(losses)	-	-
Balance at 31 December	694,276	740,504
TOTAL EQUITY at 31 December	15,157,827	15,937,789
Asset revaluation reserves for each class of asset consist of:		
Land	515,000	515,000
Buildings	-	46,228
Property improvements	179,276	179,276
Total	694,276	740,504

	Land	Buildings	Property Improvements	Total
	\$	\$	\$	\$
6 Property, plant & equipment				
Carrying amount at 1 July 2021	1,500,000	11,945,402	1,519,520	14,964,922
Additions	-	-	-	-
Disposals (net of accumulated depreciation)	-	-	-	-
Depreciation expense	-	(155,247)	(70,370)	(225,617)
Carrying amount at 31 December 2021	1,500,000	11,790,155	1,449,150	14,739,305
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)
Carrying amount at 31 December 2020	1,500,000	12,400,648	1,589,890	15,490,538

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December, 2021

7 Contingencies

There are no known contingent liabilities (or assets) at 31 December 2021 (31 December 2020 :nil).

8 Commitments

ICCT have an obligation to provide office space for Rugby Southland Incorporated under an existing lease agreement. As at 31 December 2021 ICCT have paid \$0k (31 December 2020: 7k) for the rental of alternate offices at the Invercargill Netball Centre and are committed to paying \$36k exl. GST per year until the toxic mould issues at the Stadium have been resolved and the administration offices there are safe to reinhabit (31 December 2020: 7k).