



INVERCARGILL COMMUNITY RECREATION AND SPORTS TRUST

Ref: A1184610
ICC request

23 September 2014

Ian Lothian
Director
Audit New Zealand
PO Box 232
DUNEDIN 9054

Dear Ian

Letter of Representation for the year ended 30 June 2014

This representation letter is provided in connection with your audit, carried out on behalf of the Auditor-General, of the financial statements of Invercargill Community Recreation and Sports Trust (the Trust) for the year ended 30 June 2014 for the purpose of expressing an opinion about whether the financial statements comply with generally accepted accounting practice and fairly reflect the financial position of the Trust as at 30 June 2014 and of the results of its operations for the year ended on that date.

We understand that your audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand). We also understand that your examination was (to the extent that you deemed appropriate) for the objectives of:

- providing an independent opinion on the Trust's financial statements; and
- reporting on other matters relevant to the Trust's financial and other management systems that come to your attention and are material (for example, compliance with statutory obligations or probity).

General responsibilities

To the best of our knowledge and belief:

- the resources, activities, under our control have been operating effectively and efficiently;

- we have complied with our statutory obligations including laws, regulations and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of the Trust) to prevent and detect fraud.

Responsibilities for the financial statements

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements, and that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements and, in particular, that the financial statements comply with generally accepted accounting practice and fairly reflect the financial position of the Trust as at 30 June 2014 and of the results of its operations and its cash flows for the year then ended;
- we believe the significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable;
- we have appropriately accounted for and disclosed related party relationships and transactions in the financial statements;
- all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and have been accounted for and disclosed in accordance with generally accepted accounting practice; and
- we have adjusted or disclosed all events subsequent to the date of the financial statements that require adjustment or disclosure.

Responsibilities to provide information

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided you with:

- all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements; and
 - unrestricted access to persons within the Trust from whom you determined it necessary to obtain audit evidence;
- we have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Trust and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements;
- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Trust's financial statements communicated by employees, former employees, analysts, regulators, or others;
- we have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements; and
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.

Going concern

We confirm that, to the best of our knowledge and belief, the Trust has adequate resources to continue operations at their current level for the foreseeable future. For this reason, the Board continues to adopt the going concern assumption in preparing the financial statements for the year ended 30 June 2014. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the Trust during the period of one year from 23 September 2014 and to circumstances that we know will occur after that date which could affect the validity of the going concern assumption.

We consider that the financial statements adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern assumption by the Trust.

Throughout the year, the Trust has conformed with the requirements of its banking arrangements, debenture trust deeds, or negative pledge agreements, including those relating to its net tangible assets ratios.

Publication of the financial statements and related audit report on a website

The Board accepts that it is responsible for the electronic presentation of the audited financial statements.

The electronic version of the audited financial statements and the related audit report presented on the website are the same as the final signed version of the audited financial statements and audit report.

We have clearly differentiated between audited and unaudited information on the website and understand the risk of potential misrepresentation without appropriate controls.

We have assessed the security controls over audited financial information and the related audit report and are satisfied that procedures are adequate to ensure the integrity of the information provided.

Where the audit report on the full financial statements is provided on a website, the financial statements are also provided in full.

Sign-off on these representations

These representations are made at your request, and to supplement information obtained by you from the records of the Trust and to confirm information given to you orally.

Yours sincerely

Cr Darren Ludlow	Cr Graham Sycamore
Trustee	Trustee

Invercargill Community Recreation and Sports Trust

Annual Report For the year ended 30 June 2014

Invercargill Community Recreation and Sports Trust

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Invercargill Community Recreation and Sports Trust

Trust Directory

Trustees

Cr Darren Ludlow - Co Chairperson
Cr Graham Sycamore - Co Chairperson
Cr Alan Dennis
Cr Karen Arnold (appointed 11 October 2013)
Cr Graham Lewis (appointed 5 November 2013)
Cr Peter Kett (appointed 25 November 2013)

Trustees Retired

Cr Carolyn Dean (retired 10 October 2013)
Cr Thelma Buck (retired 10 October 2013)
Cr Ian Pottinger (retired 21 November 2013)

Auditor

Audit New Zealand, Dunedin

Registered office

c/o Invercargill City Council
101 Esk Street
Invercargill

Bankers

Bank of New Zealand
Invercargill

Postal address

Private Bag 90-104
Invercargill
Phone (03) 2111669
Fax (03) 2111 435

Solicitors

Preston Russell Law
45 Yarrow Street
Invercargill

Invercargill Community Recreation and Sports Trust

Physical Activity Section Statement of Comprehensive Income

For the Year Ended 30 June 2014

In New Zealand Dollars

		<i>2014</i>	<i>2013</i>
Income			
Grants		-	-
Financial Income - Interest		42,008	38,500
Grants Refunded		-	-
Financial Expenses Recovery - Bank Charges	8	-	43
Audit Fee Expenses Recoveries	6	4,096	3,510
Administration - Licences and Fees Recoveries	8	-	44
		<hr/>	<hr/>
		46,104	42,097
Less Expenses			
Financial Expenses - Bank Charges	8	40	43
Subsidies		111,838	9,432
Audit Fees	6	4,096	3,510
Administration - Licences and Fees	8	50	44
Advertising		-	-
Legal Fees		92	92
		<hr/>	<hr/>
		116,116	13,121
		<hr/>	<hr/>
Comprehensive Income for the year		- 70,012	28,976
		<hr/> <hr/>	<hr/> <hr/>

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

Invercargill Community Recreation and Sports Trust

Creative Section Statement of Comprehensive Income

For the Year Ended 30 June 2014

In New Zealand Dollars

		<i>2014</i>	<i>2013</i>
Income			
Grants		38,720	38,720
Financial Income - Interest		1,838	1,481
Grants Refunded		889	-
Financial Expenses Recovery - Bank Charges	8	-	45
Audit Fee Expenses Recoveries			
Administration - Licences and Fees Recoveries			
		<hr/>	<hr/>
		41,447	40,246
Less Expenses			
Financial Expenses - Bank Charges	8	42	45
Subsidies		29,409	27,680
Audit Fees			
Administration - Licences and Fees			
Advertising		2,904	1,997
Legal Fees			-
		<hr/>	<hr/>
		32,355	29,722
		<hr/>	<hr/>
Comprehensive Income for the year		9,092	10,524
		<hr/> <hr/>	<hr/> <hr/>

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

Invercargill Community Recreation and Sports Trust

Combined Statement of Comprehensive Income

For the Year Ended 30 June 2014

In New Zealand Dollars

	<i>Note</i>	<i>2014</i>	<i>2013</i>
Income			
Grants		38,720	38,720
Financial Income - Interest		43,846	39,981
Grants Refunded		889	-
Financial Expenses Recovery - Bank Charges	8	-	88
Audit Fee Expenses Recoveries	6	4,096	3,510
Administration - Licences and Fees Recoveries	8	-	44
		<hr/>	<hr/>
		87,551	82,343
Less Expenses			
Financial Expenses - Bank Charges	8	82	88
Subsidies		141,247	37,112
Audit Fees	6	4,096	3,510
Administration - licences and fees	8	50	44
Advertising		2,904	1,997
Legal Fees		92	92
		<hr/>	<hr/>
		148,471	42,843
		<hr/>	<hr/>
Comprehensive Income for the year	-	60,920	39,500
		<hr/> <hr/>	<hr/> <hr/>

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

Invercargill Community Recreation and Sports Trust

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

	<i>2014</i>	<i>2013</i>
Equity Balance at 1 July	1,061,470	1,021,970
Total recognised comprehensive income for the year	- 60,920	39,500
Equity Balance at 30th June	<u>1,000,550</u>	<u>1,061,470</u>

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

Invercargill Community Recreation and Sports Trust

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	1	983,493	1,057,120
Trade and other receivables	2	20,677	4,771
		<hr/>	<hr/>
Total current assets		1,004,170	1,061,891
		<hr/>	<hr/>
Investments	4	-	5,000
		<hr/>	<hr/>
Total non-current assets		-	5,000
		<hr/>	<hr/>
TOTAL ASSETS		1,004,170	1,066,891
		<hr/> <hr/>	<hr/> <hr/>
Trade and other payables	3	3,620	5,421
		<hr/>	<hr/>
Total current liabilities		3,620	5,421
		<hr/>	<hr/>
NET ASSETS		1,000,550	1,061,470
		<hr/> <hr/>	<hr/> <hr/>
Total accumulated funds		1,000,550	1,061,470
		<hr/>	<hr/>
TOTAL EQUITY		1,000,550	1,061,470
		<hr/> <hr/>	<hr/> <hr/>



Trustee
23 September 2014



Trustee
23 September 2014

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

Invercargill Community Recreation and Sports Trust

Statement of Accounting Policies For the Year Ended 30 June 2014

REPORTING ENTITY

The Invercargill Community Recreation and Sports Trust (the Trust) is a Trust incorporated and domiciled in New Zealand on 7 March 2001.

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 Community Recreation and Sports 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 Trusts reporting obligations are a requirement of section 8 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, modified where necessary for the revaluation of specific assets.

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

TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated at their cost less impairment losses.

REVENUE

Revenue is measured at the fair value of consideration received.

The Trust receives government grants from the Invercargill City Council and grants from other local organisations. These 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.

SUBSIDY EXPENDITURE

Subsidy expenditure is discretionary grants which are recognised as expenses when paid.

GOODS AND SERVICES TAX

The Financial Statements have been prepared exclusive of Goods and Services Tax (GST) with the exception of receivables and payables which are stated with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense.

Invercargill Community Recreation and Sports Trust

Statement of Accounting Policies For the Year Ended 30 June 2014

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.

FINANCIAL ASSETS

The Trust classifies its financial assets into the following three categories: available for sale investments, loans and receivables and financial assets at fair value through surplus or deficit. The classification depends on the purpose for which the investments were acquired. Trustees determine the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs.

Loans and receivables:

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of comprehensive income.

Investments in this category include fixed term deposits and loans to Community groups.

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.

NON CASH TRANSACTIONS

The Trust is a recipient of certain services from the Invercargill City Council which are effectively income and payments in kind. No recognition or monetary value is made in the financial statements for these non cash transactions/voluntary services.

CHANGES IN ACCOUNTING POLICIES

There are no changes in accounting policy 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.

Invercargill Community Recreation and Sports Trust

Notes to the Financial Statements

For the Year Ended 30 June 2014

In New Zealand Dollars

1. CASH AND CASH EQUIVALENTS	2014	2013
Bank Account	30,196	30,702
Physical Activity Section On Call Account	918,751	992,755
Creative Section On Call Account	34,546	33,663
	<hr/>	<hr/>
Total cash and cash equivalents	983,493	1,057,120
	<hr/> <hr/>	<hr/> <hr/>
2. TRADE AND OTHER RECEIVABLES	2014	2013
Debtors	304	-
GST	15,727	-
Accrued Revenue	1,025	1,130
Accrued Recovery of expenses from ICC	3,621	3,641
Creative Grants Returnable	-	-
	<hr/>	<hr/>
Total trade and other receivables	20,677	4,771
	<hr/> <hr/>	<hr/> <hr/>
Trade and other receivables have been measured at amortised cost.		
3. TRADE AND OTHER PAYABLES	2014	2013
Accrued expenses - audit fees	3,620	3,380
Accrued expenses - advertising	-	1,997
Accrued expenses - licence fees	-	44
Sundry Creditors	-	-
Expense reimbursement in advance	-	-
	<hr/>	<hr/>
Total trade and other payables	3,620	5,421
	<hr/> <hr/>	<hr/> <hr/>
4. INVESTMENTS	2014	2013
Loans to Community Groups	-	5,000
	<hr/> <hr/>	<hr/> <hr/>

The Trust lent to Invercargill Kart Club Inc. \$21,000 in the 2011 year to assist redevelopment of the clubs assets repayable over 5 years.

If the loan is not repaid within an earlier period the average interest rate over the life of the loan charged is 1.53% per annum, with the first year interest free per the original loan agreement. Due to early partial repayment in 2012 the actual average interest rate on the revised loan if not repaid within an earlier period is 0.49%

Full repayment was made during the year of \$5,000 (repayments 2013 year: \$5000, 2012: \$11,000) by the Kart Club.

5. TAXATION

Invercargill Community Recreation & Sports Trust is a charitable organisation registered with the Charities Commission and is exempt from taxation.

Invercargill Community Recreation and Sports Trust

Notes to the Financial Statements

For the Year Ended 30 June 2014

In New Zealand Dollars

6. **AUDIT FEES**

Audit fees accrued for the 2014 year are \$3,620 (2013 \$3,380).

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

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 deposits 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.

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	983,493	-	-	-	983,493
Trade and other receivables	20,676	-	-	-	20,676
Investments	-	-	-	-	-
	1,004,168	-	-	-	1,004,168
<u>Financial Liabilities</u>					
Trade and other payables	3,620	-	-	-	3,620

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	1,057,120	-	-	-	1,057,120
Trade and other receivables	4,771	-	-	-	4,771
Investments	-	5,000	-	-	5,000
	1,061,891	5,000	-	-	1,066,891
<u>Financial Liabilities</u>					
Trade and other payables	5,421	-	-	-	5,421

Invercargill Community Recreation and Sports Trust

Notes to the Financial Statements

For the Year Ended 30 June 2014

In New Zealand Dollars

7. *FINANCIAL INSTRUMENTS continued*

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 are 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 and fixed interest rates
Trade and other receivables	Non interest bearing
Investments	Fixed interest rates

Financial Liabilities

Trade and other payables	Non interest bearing
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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. Cash deposits at variable interest rates expose the Trust to cash flow interest rate risk.

- Sensitivity analysis on Financial Instruments

Cash and cash deposits: If interest rates on deposits for the year at 30 June 2014 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the deficit by \$5,162 (2013: \$5,248) as a result of higher/lower interest income on deposit and oncall cash accounts.

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

8. *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, however, the Invercargill City Council provides services on a voluntary basis, for example preparation of Annual Accounts and incurrence of audit fees (refer note 6).

2014

The Trust reimbursed Invercargill City Council, marketing costs incurred by Invercargill City Council on behalf of the Trust-Creative Communities \$2,904 (2013: \$1,997)

The Trust paid a grant of \$1,222 via Invercargill City Council, Illuminate Youth Art project for a students art competition and exhibition. The community development department of Invercargill City Council are administering the use of this grant. (Balance owing as at 30 June 2014: Nil).

The Trust paid a grant of \$1,500 to Invercargill City Charitable Trust being a trust of the Invercargill City Council. This grant was for funding of the 2014 Southland Buskers Festival, an event produced by the Invercargill City Charitable Trust. (Balance owing as at 30 June 2014: Nil).

Invercargill Community Recreation and Sports Trust

Notes to the Financial Statements

For the Year Ended 30 June 2014

In New Zealand Dollars

8. RELATED PARTIES continued

2014

* Trustee Cr Peter Kett is a committee member of Venture Southland. Venture Southland was granted \$7,959 during the year (Balance owing as at 30 June 2014: Nil).

* Trustee Cr Alan Dennis is a committee member of the Southland Indoor Leisure Centre Charitable Trust who were granted \$100,000 during the year (Balance owing as at 30 June 2014: Nil).

2013

The Trust reimbursed Invercargill City Council, marketing costs incurred by Invercargill City Council on behalf of the Trust-Creative Communities \$1,997 (2012: \$2,700)

In addition to transactions around audit fees, Invercargill City Council has reimbursed the Trust for miscellaneous bank fees incurred \$88 (2012: \$86) on operating accounts with the Bank of New Zealand. Invercargill City Council has also reimbursed the Trust for Charities Commission registration fees \$44 (2012: \$44).

The Trust paid a grant of \$223 via Invercargill City Council, Invercargill Youth Action team for a students art competition and exhibition. The community development department of Invercargill City Council are administering the use of this grant . (Balance owing as at 30.06.13: Nil)

* Trustee Cr Ian Pottinger and Trustee Cr Carolyn Dean are committee members of Venture Southland since 30 September 2010. Venture Southland was granted \$3,600 during the year (Balance owing as at 30 June 2013: Nil).

9. POST BALANCE DATE EVENTS

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

10. CONTINGENCIES

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

The Trust provides an allotted Guarantee Against Loss to some organisations as part of its funding allocations. The following occurred during the year:

2014

Nil

2013

Nil

11. COMMITMENTS

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

Independent Auditor's Report

To the readers of Invercargill Community Recreation and Sports Trust's financial statements for the year ended 30 June 2014

The Auditor-General is the auditor of Invercargill Community Recreation and Sports 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 of the Trust on her behalf.

We have audited the financial statements of the Trust on pages 4 to 14, that comprise the statement of financial position as at 30 June 2014, the statements 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 14:

- 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 8.3 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 8.3 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 underline.

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