Southland Regional Heritage Committee

Annual Report
For the year ended 30 June 2015

SOUTHLAND REGIONAL HERITAGE COMMITTEE

TABLE OF CONTENTS

	Page No.
Entity Information	2
Statement of Financial Performance	3
Statement of Financial Position	4
Statement of Cash Flows	5
Statement of Accounting Policies	6-7
Notes to the Financial Statements	8-10
Audit Report	11

SOUTHLAND REGIONAL HERITAGE COMMITTEE

ENTITY INFORMATION FOR THE YEAR ENDED 30 JUNE 2015

Legal name
Southland Regional Heritage Committee

Type of entity and legal basis
The Southland Regional Heritage Committee is a Committee formed and domiciled in New Zealand

The Committee's Purpose
The Committees principle activity is to promote and enhance the heritage of the Southland Community. The committee administers grant money to appropriate organisation within the Southland Province, who met the required criteria.

Structure of the Committee's operations

The Southland Regional Hertiage Committee was formed as a joint committee of Councils on 1 May 2005 by the Invercargill City Council, the Southland District and the Gore District Council. Each Council appoints two members to the committee. The committee's equity and operational funding is contributed from the following Councils: Invercargill City Council, Southland District Council and Gore District Council.

The Reporting Entity of the Committee is for the year ended 30 June 2015.

Committee members
Invercargill City Council
Cr L Esler
Cr L Thomas

Southland District Council
Cr P Duffy (Chairman)
Cr G Macpherson

Gore District Council
Cr P Grant
Cr B Highsted

Registered office
C/- Invercargill City Council
101 Esk Street
Invercargill

Postal address
Private Bag 90-104
Invercargill
Phone (03) 2111 669
Fax (03) 2111 435

Auditor
Audit New Zealand
on behalf of the Auditor - General

Bankers
BNZ
Invercargill

Solicitors
Preston Russell Law
92 Spey Street
Invercargill

SOUTHLAND REGIONAL HERITAGE COMMITTEE

STATEMENT OF FINANCIAL PERFORMANCE FOR THEY YEAR ENDED 30 JUNE 2015

Revenue	*Note*	*2015* $	*2014* $
Council funding	*1*	1,334,517	1,299,304
Interest		28,534	19,508
Total revenue		1,363,051	1,318,812
Expenses			
Audit fees		5,197	5,152
Depreciation of property, plant, and equipment		92	132
Grants made	*2*	1,211,247	1,234,871
Other expenses		72,014	62,581
Total expenses		1,288,550	1,302,736
Total Surplus / (Deficit)		**74,501**	**16,076**

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

SOUTHLAND REGIONAL HERITAGE COMMITTEE

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Note	2015 $	2014 $
Assets			
Current assets			
Bank accounts and cash	4	846,212	741,824
Debtors and prepayments	5	11,826	46,276
Total current assets		858,038	788,100
Non-current assets			
Propety, plant and Equipment	6	216	308
Total Non-current assets		216	308
Total assets		858,254	788,408
Liabilities			
Current Liabilities			
Creditors and accrued expenses	3	6,503	11,157
Total liabilities		6,503	11,157
Total assets less total liabilities		**851,752**	**777,251**
Equity			
Contributed Capital	7	137,514	137,514
Accumulated surpluses	7	714,238	639,737
Total Committee Equity		**851,752**	**777,251**

Paul Duffy
CHAIRMAN
Date: 24 September 2015

Dean Johnston
TREASURER

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

SOUTHLAND REGIONAL HERITAGE COMMITTEE

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Receipts of council funding		1,369,804	1,264,017
Interest Receipts		28,534	18,835
Payment of grants		(867,746)	(841,083)
Other Grants		(348,152)	(393,788)
Payments to suppliers		(80,613)	(68,163)
GST (net)		2,561	(124)
Net cash flow from operating activities		104,388	(20,306)
Cash flows from investing and financing activities			
Payments to acquire property, plant, and equipment		-	-
Net cash flow from investing and financing activities		-	-
Net Increase/ (Decrease) in Cash for the year		104,388	(20,306)
Add opening bank accounts and cash		741,825	762,130
Closing bank accounts and cash	*4*	**846,212**	**741,825**

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

SOUTHLAND REGIONAL HERITAGE COMMITTEE

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

ACCOUNTING POLICIES APPLIED

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 Committee 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 Entity will continue to operate in the foreseeable future.

The financial statements are for the individual entity. The Committee is a partly controlled subsidy of the Invercargill City Council.

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

The entities Trustees do not have the power to amend the financial statements after issue.

SIGNIFICANT ACCOUNTING POLICES

CREDITORS AND ACCRUED EXPENSES
Creditors and accrued expenses are measured at the amount owed.

DEBTORS
Debtors are initally recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

BANK ACCOUNTS AND CASH
Bank accounts and cash comprise cash on hand, cheque or savings accounts, and deposits held at call with banks.

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment is shown at cost, 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 Committee 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 Comprehensive Income.

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 Committee and the cost of the item can be measured reliably.

Depreciation
Depreciation is provided on a diminishing value 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. The useful lives and associated depreciation rates of major classes of assets have been estimated based on rates recommended by the Inland Revenue Department as follows.

- Plant and Equipment	30% DV

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Revenue
Revenue is measured at the fair value of consideration received.

Grants
Council, government, and non-government 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 grant is initially recorded as liability and recognised as revenue when conditions of the grant are satisfied.

Interest
Interest revenue is recorded as it is earned during the year

GRANT EXPENDITURE
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 Committee 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 Committee's decision.

GOODS AND SERVICES TAX
The Entity 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.

FINANCIAL INSTRUMENTS
The committee 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.

STATEMENT OF CASH FLOWS
Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Committee invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the Committee and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the Committee.

STANDARDS ISSUED AND NOT YET EFFECTIVE AND NOT EARLY ADOPTED

In May 2013, the External Reporting board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. The Committee has applied these standards in preparing the 30 June 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. The Committee will apply these updated standards in preparing its 30 June 2016 financial statements. The Committee expects there will be minimal or no change in applying these updated accounting standards.

CHANGES IN ACCOUNTING POLICIES AND TRANSITION TO THE NEW PBE SFR-A (PS) STANDARD
This is the first set of financial statements prepared using the new PBE SFR-A (PS) standard, and comparative information for the year ended 30 June 2014 has been restated to comply with the new standard.

TAX
The Trust is exempt from the payment of income tax. Accordingly no charge for income tax applies or has been provided for.

SOUTHLAND REGIONAL HERITAGE COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1 *Council funding*

	2015 $	*2014* $
Southland District Council	445,066	423,450
Invercargill City Council	705,325	697,386
Gore District Council	184,126	178,468
Total Council funding	**1,334,517**	**1,299,304**

The Councils listed above include a uniform charge to all ratepayers in their respective Districts and this is granted to the Regional Heritage Committee each year.

2 *Grants made*

	2015 $	*2014* $
Southland Musuem & Art Gallery Trust	867,746	841,083
Gore Disticit Council	163,282	157,419
Others	180,219	236,369
Total Grants	**1,211,247**	**1,234,871**

Some restrictions exist on the cash reserve funds which are set aside for special purposes at the discretion of the Committee.

3 *Creditors and Accrued Expenses*

	2015 $	*2014* $
Audit New Zealand	-	5,152
Venture Southland	6,026	5,750
ICC	477	256
Total creditors and accrued expenses	**6,503**	**11,158**

4 *Bank accounts and cash*

	2015 $	*2014* $
BNZ - Operating Account	846,212	221,007
BNZ - On Call Account	-	520,817
Net bank accounts and cash for the purposes of the statement of cash flows	**846,212**	**741,824**

5 *Debtors and prepayments*

	2015 $	*2014* $
Southland Museum & Art Gallery Trust	10,000	10,000
Southland Districit Council	-	35,287
GST Receivable	1,826	989
Total debtors and prepayments	**11,826**	**46,276**

6 *PROPERTY, PLANT AND EQUIPMENT*	Plant & Equipment	Total
	$	$
Carrying amount at 1 July 2013	440	440
Additions	-	-
Disposals (net of accumulated depreciation)	-	-
Depreciation expense	(132)	(132)
Imparirment loss	-	-
Carrying amount at 30 June 2014	**308**	**308**
Carrying amount at 01 July 2014	308	308
Additions	-	-
Disposals (net of accumulated depreciation)	-	-
Depreciation expense	(92)	(92)
Imparirment loss		
Carrying amount at 30 June 2015	**216**	**216**

7 *Equity*	*2015*	*2014*
	$	$
Contributed Capital		
Balance at 1 July	137,514	137,514
Capital contribution	-	-
Balance at 30 June	137,514	137,514
Accumulated surpluses		
Balance at 1 July	639,737	623,661
Surplus/(deficit) for the year	74,501	16,076
Balance at 30 June	714,238	639,737
Total equity	**851,752**	**777,251**

8 *POST BALANCE DATE EVENTS*

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

9 *RELATED-PARTY TRANSACTIONS*

		2015 $	*2014* $
The Committee paid Grants to Southland Musuem & Art Gallery Trust Board *(Related through joint involvement with 3 council)*	Value for year Balance outstanding	867,746 -	841,083 -
The Committee has reimbursed ICC for Operational expenses incurred on behalf of the Committee *(2 committee member are part of ICC)*	Value for year Balance outstanding	5,684 477.00	6,148 255
The Committee received Grants from ICC *(2 committee member are part of ICC)*	Value for year Balance outstanding	705,325 -	697,386 -
The Committee received Grants from SDC *(2 committee member are part of SDC)*	Value for year Balance outstanding	445,066 -	423,450 35,288
The Committee received Grants from GDC *(2 committee member are part of GDC)*	Value for year Balance outstanding	184,126 -	178,468 -
Lloyd Esler was awarded a grant *(Committee member SRHC)*	Value for year Balance outstanding	-	2,000

Related-party disclosures have not been made for transactions with related parties that are within a normal suplier or client/recipent relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Committee would have adopted in dealing with the party at arm's length in the same circumstances.

10 *CONTINGENT LIABILITIES*

There are no known contingent liabilities or contingent assets at 30 June 2015 (30 June 2014: Nil).

11 *COMMITMENTS*

The Committee has outstanding commitments of Grants approved but not paid as at 30 June 2015 of $119,202 (30 June 2014: $135,600). The committee has outstanding subsidies for the Roving Musuem Officer through until June 2016 of $60,000 (30 June 2015: $55,000).

12 *TAX*

The Trust is excempt from the payment of income tax. Accordingly no charge for income tax applies or has been provided for.

13 *STATEMENT OF INTENT*

The Committee is considered as a Joint Committee under Clause 30(1)(b) and Clause 30A of Schedule 7 of the Local Government Act 2002. Therefore there is no requirement to prepare a Statement of Intent.

Independent Auditor's Report

To the readers of Southland Regional Heritage Committee's financial statements for the year ended 30 June 2015

The Auditor-General is the auditor of Southland Regional Heritage Committee (the Joint Committee). 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 Joint Committee on her behalf.

Opinion on the financial statements

We have audited the financial statements of the Joint Committee on pages 3 to 10, that comprise the statement of financial position as at 30 June 2015, the statement of financial performance, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion:

- the financial statements of the Joint Committee:
    - present fairly, in all material respects:
        - the financial position of The Joint Committee as at 30 June 2015; and
        - the financial performance and cash flows of the Joint Committee for the year then ended; and
    - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with the Public Benefit Entity Simple Format Reporting Standard – Accrual (Public Sector).

Our audit was completed on 24 September 2015. 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 Joint Committee and our responsibilities, and 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 statement. 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 Joint Committee's financial statements 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 Joint Committee'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 Joint Committee;
- the adequacy of the 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. Also, we did not evaluate the security and controls over the electronic publication of the financial statements.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Joint Committee

The Joint Committee is responsible for the preparation and fair presentation of financial statements for the Joint Committee that comply with generally accepted accounting practice in New Zealand.

The Joint Committee's responsibilities arise from section 48 and clause 30 of Schedule 7 of the Local Government Act 2002.

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

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 the Joint Committee's Heads of Agreement.

Section 8.1.4 of the Heads of Agreement states that "the books of account of the Committee shall be audited annually by Audit New Zealand and be reported as part of the Local Authorities annual reporting process".

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 Joint Committee.

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