

SOUTHLAND REGIONAL HERITAGE COMMITTEE

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

SOUTHLAND REGIONAL HERITAGE COMMITTEE

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SOUTHLAND REGIONAL HERITAGE COMMITTEE

ENTITY INFORMATION FOR THE YEAR ENDED 30 JUNE 2018

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 committee's 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 Heritage Committee was formed as a joint committee of councils on 1 May 2005 by the Invercargill City Council, the Southland District Council 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.

Outputs

The main output of the committee is the payment of grants to recipients that meet the funding criteria as per Heads of Agreement.

The Reporting Period of the committee is for the year ended 30 June 2018.

Committee members

Cr L Esler	Invercargill City Council
Cr R Amundsen	Invercargill City Council
Cr P Duffy (Chairman)	Southland District Council
Cr G Macpherson	Southland District Council
Cr B Reid	Gore District Council
Cr N Phillips	Gore District Council

Registered office

C/- Invercargill City Council
101 Esk Street
Invercargill

Bankers

Bank of New Zealand
84 Esk Street, Invercargill

Solicitors

Preston Russell Law
45 Yarrow Street, Invercargill

Postal address

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

Auditor

Audit New Zealand
on behalf of the Auditor - General

SOUTHLAND REGIONAL HERITAGE COMMITTEE

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

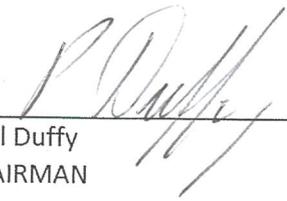
	<i>Note</i>	2018 \$	2017 \$
<i>Revenue</i>			
Council funding	1	1,605,867	1,556,375
Other revenue		15,000	-
Interest		15,521	17,952
TOTAL REVENUE		1,636,388	1,574,327
<i>Expenses</i>			
Audit fees		5,572	5,482
Depreciation of property, plant, and equipment	4	32	45
Grants made	2	1,379,357	1,699,095
Other expenses		11,406	22,225
TOTAL EXPENSES		1,396,367	1,726,847
TOTAL SURPLUS / (DEFICIT)		240,021	(152,520)

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 2018

	Note	2018 \$	2017 \$
Assets			
<i>Current assets</i>			
Bank accounts and cash		919,472	779,482
GST receivable		-	1,776
TOTAL CURRENT ASSETS		919,472	781,258
<i>Non-current assets</i>			
Property, plant and equipment	4	74	106
TOTAL NON-CURRENT ASSETS		74	106
TOTAL ASSETS		919,546	781,363
Liabilities			
<i>Current liabilities</i>			
Creditors and accrued expenses	3	100,753	211,933
GST payable		9,341	-
TOTAL CURRENT LIABILITIES		110,094	211,933
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		110,094	211,933
TOTAL ASSETS less TOTAL LIABILITIES		809,452	569,430
Equity			
Contributed capital	5	137,514	137,514
Accumulated surpluses	5	671,938	431,917
TOTAL COMMITTEE EQUITY		809,452	569,430


 Paul Duffy
 CHAIRMAN
 31 August 2018


 Dean Johnston
 TREASURER
 31 August 2018

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 FLOW FOR THE YEAR ENDED 30 JUNE 2018

	<i>Note</i>	2018 \$	2017 \$
<i>Cash flows from operating activities</i>			
Receipts of council funding		1,620,867	1,556,375
Interest receipts		15,521	17,952
Payment of grants		(1,358,520)	(1,650,897)
Payments to suppliers		(148,993)	(106,533)
GST (net)		11,115	915
Net cash flow from / to operating activities		139,990	(182,188)
<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		139,990	(182,188)
Opening cash balance		779,482	961,668
CLOSING CASH BALANCE		919,472	779,482

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 2018

ACCOUNTING POLICIES APPLIED

BASIS OF PREPARATION

The committee 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 joint committee between Invercargill City Council, Southland District Council and Gore District Council.

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

The Financial Statements have been authorised for issue by the committee members on 31 August 2018.

The entity's committee members 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 initially 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.

SOUTHLAND REGIONAL HERITAGE COMMITTEE

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2018

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 GRANT

Discretionary grants without conditions - recognise expense on approval and communication to recipient. Even if multi-year (unless contains a substantive termination clause). Irrespective of whether paid in advance or arrears.

Discretionary grants with conditions and paid in arrears - recognise expense (for each instalment) at earlier of payment date or when relevant conditions providing entitlement to the instalment are satisfied.

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.

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.

TAX

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

CHANGES IN ACCOUNTING POLICES

There have been no changes in Accounting Polices during the reporting period.

SOUTHLAND REGIONAL HERITAGE COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1 Council funding	2018	2017
	\$	\$
Southland District Council	544,980	525,462
Invercargill City Council	865,898	838,051
Gore District Council	194,989	192,862
Total council funding	1,605,867	1,556,375

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	2018	2017
	\$	\$
Southland Musuem & Art Gallery Trust	1,173,155	1,090,015
Gore District Council	173,825	170,583
Discretionary Grants	32,377	438,497
Total grants made	1,379,357	1,699,095

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	2018	2017
	\$	\$
Accrued committed expenses	95,022	198,582
Venture Southland	159	7,869
Audit fees	5,572	5,482
Total creditors and accrued expenses	100,753	211,933

SOUTHLAND REGIONAL HERITAGE COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant & equipment

	Plant \$	Total \$
Carrying amount at 1 July 2016	151	151
Additions	-	-
Disposals (net of accumulated depreciation)	-	-
Depreciation expense	(45)	(45)
Carrying amount at 30 June 2017	106	106
Carrying amount at 1 July 2017	106	106
Additions	-	-
Disposals (net of accumulated depreciation)	-	-
Depreciation expense	(32)	(32)
Carrying amount at 30 June 2018	74	74

5 Equity

	2018 \$	2017 \$
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	431,917	584,437
Surplus/(deficit) for the year	240,021	(152,520)
Balance at 30 June	671,938	431,917
TOTAL EQUITY	809,452	569,430

SOUTHLAND REGIONAL HERITAGE COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

6 Related Parties		2018	2017
		\$	\$
The committee paid grants to Southland Musuem & Art Gallery Trust Board <i>(Related through joint involvement with 3 councils)</i>	Value for year Balance outstanding	1,173,155 54,100	1,090,015 -
The committee paid grants to Gore District Council <i>(Related through joint involvement with 3 councils)</i>	Value for year Balance outstanding	173,825 -	170,583 -
The committee has reimbursed Invercargill City Council for operational expenses incurred on behalf of the committee <i>(2 committee members are part of Invercargill City Council)</i>	Value for year Balance outstanding	5,174 -	17,161 -
The committee received grants from Invercargill City Council <i>(2 committee members are part of Invercargill City Council)</i>	Value for year Balance outstanding	865,898 -	838,051 -
The committee received grants from Southland District Council <i>(2 committee members are part of Southland District Council)</i>	Value for year Balance outstanding	544,980 -	525,462 -
The committee received grants from Gore District Council <i>(2 committee members are part of Gore District Council)</i>	Value for year Balance outstanding	194,989 -	192,862 -
The committee has reimbursed Venture Southland for operational expenses incurred on behalf of the committee <i>(2 committee members are part of Venture Southland)</i>	Value for year Balance outstanding	5,308 159	6,479 1,015

Related-party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient 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.

SOUTHLAND REGIONAL HERITAGE COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

7 *POST BALANCE DATE EVENTS*

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

8 *CONTINGENCIES*

There are no known contingent liabilities or contingent assets at 30 June 2018 (2017: nil).

9 *COMMITMENTS*

The Committee has outstanding commitments of Grants approved but not paid as at 30 June 2018 of \$130,545 (2017: \$27,045).

There are no other operating or capital commitments as at 30 June 2018 (2017 : nil)

10 *TAX*

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

11 *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 2018

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

Opinion

We have audited the financial statements of the Committee on pages 3 to 13 that comprise the statement of financial position as at 30 June 2018, 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 Committee:

- present fairly, in all material respects:
 - its financial position as at 30 June 2018; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) Standard.

Our audit was completed on 31 August 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Committees and our responsibilities relating to the financial statements, and we explain our independence.

Basis for opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Committee for the financial statements

The Committee are responsible for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Committee are responsible for such internal control as they determine is necessary to enable them to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Committee is responsible for assessing the Entity's ability to continue as a going concern. The Committee are also responsible for disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless the Committee intend to wind up the Entity or to cease operations, or have no realistic alternative but to do so.

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

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit 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 Committee's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Committee and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Committee's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Committee to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Independence

We are independent of the Committee in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Committee.

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