

SOUTHLAND REGIONAL HERITAGE COMMITTEE

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

SOUTHLAND REGIONAL HERITAGE COMMITTEE

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SOUTHLAND REGIONAL HERITAGE COMMITTEE

ENTITY INFORMATION FOR THE YEAR ENDED 30 JUNE 2020

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 2020.

Committee members

Cr R Amundsen	Invercargill City Council
Cr G Lewis	Invercargill City Council
Cr P Duffy (Chairman)	Southland District Council
Cr Karyn Owen	Southland District Council
Cr B Reid	Gore District Council
Cr N Phillips	Gore District Council
Peggy Peek	Iwi Representation

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

SOUTHLAND REGIONAL HERITAGE COMMITTEE

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	<i>Note</i>	2020 \$	2019 \$
		<hr/>	<hr/>
Revenue			
Council funding	1	1,697,282	1,641,331
Other revenue		-	18,000
Interest		16,484	20,985
		<hr/>	<hr/>
TOTAL REVENUE		1,713,766	1,680,316
Expenses			
Audit fees		6,290	5,661
Depreciation	4	10,968	15,078
Grants made	2	1,472,537	1,472,419
Other expenses		286,932	401,708
		<hr/>	<hr/>
TOTAL EXPENSES		1,776,727	1,894,866
		<hr/>	<hr/>
TOTAL SURPLUS / (DEFICIT)		(62,961)	(214,550)

The Statement of Accounting Policies and Notes form an 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 2020

	Note	2020 \$	2019 \$
Assets			
<i>Current assets</i>			
Bank accounts and cash		245,954	222,676
Other Financial Investments		400,000	503,195
GST receivable		11,352	3,885
TOTAL CURRENT ASSETS		657,306	729,756
<i>Non-current assets</i>			
Property, plant and equipment	4	16,705	27,673
TOTAL NON-CURRENT ASSETS		16,705	27,673
TOTAL ASSETS		674,011	757,429
Liabilities			
<i>Current liabilities</i>			
Creditors and accrued expenses	3	142,070	162,527
GST payable		-	-
TOTAL CURRENT LIABILITIES		142,070	162,527
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		142,070	162,527
TOTAL ASSETS less TOTAL LIABILITIES		531,941	594,902
Equity			
Contributed capital	5	137,514	137,514
Accumulated surpluses	5	394,427	457,388
TOTAL COMMITTEE EQUITY		531,941	594,902

Paul Duffy

CHAIRMAN

30 November 2020

Michael Day

TREASURER

30 November 2020

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 2020

	<i>Note</i>	2020	2019
		\$	\$
<i>Cash flows from operating activities</i>			
Receipts of council funding		1,697,282	1,659,331
Interest receipts		16,484	20,985
Payment of grants		(1,573,153)	(1,410,576)
Payments to suppliers		(213,065)	(407,438)
GST (net)		(7,465)	(13,226)
Net cash flow from / to operating activities		(79,917)	(150,924)
<i>Cash Flows from investing and financing activities</i>			
Purchase of property, plant, and equipment		-	(42,677)
Sale of Investments		903,195	
Purchase of Investments		(800,000)	(503,195)
Net cash flow from / to investing and financing activities		103,195	(545,872)
Net increase/ (decrease) in cash		23,278	(696,796)
Opening cash balance		222,676	919,472
CLOSING CASH BALANCE		245,954	222,676

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 2020

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 30 November 2020.

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 2020

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 POLICIES

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 2020

1 Council funding	2020	2019
	\$	\$
Southland District Council	568,831	556,603
Invercargill City Council	922,691	884,864
Gore District Council	205,760	199,864
Total council funding	1,697,282	1,641,331

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	2020	2019
	\$	\$
Southland Museum & Art Gallery Trust	1,161,617	1,133,329
Gore District Council	183,426	178,170
Southland District Council	30,000	
Discretionary Grants	97,494	160,920
Total grants made	1,472,537	1,472,419

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	2020	2019
	\$	\$
Accrued committed expenses	56,250	156,866
Venture Southland	-	-
Audit fees	6,290	5,661
Creditors	79,530	
Total creditors and accrued expenses	142,070	162,527

SOUTHLAND REGIONAL HERITAGE COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant & equipment

	Plant \$	Total \$
Carrying amount at 1 July 2018	74	74
Additions	42,677	42,677
Disposals (net of accumulated depreciation)	-	-
Depreciation expense	(15,078)	(15,078)
	27,673	27,673
Carrying amount at 30 June 2019		
Carrying amount at 1 July 2019	27,673	27,673
Additions	-	-
Disposals (net of accumulated depreciation)	-	-
Depreciation expense	(10,968)	(10,968)
	16,705	16,705
Carrying amount at 30 June 2020		

5 Equity

	2020 \$	2019 \$
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	457,388	671,938
Surplus/(deficit) for the year	(62,961)	(214,550)
Balance at 30 June	394,427	457,388
TOTAL EQUITY	531,941	594,902

SOUTHLAND REGIONAL HERITAGE COMMITTEE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

6 Related Parties		2020 \$	2019 \$
The committee paid grants to Southland Museum & Art Gallery Trust Board <i>(Related through joint involvement with 3 councils)</i>	Value for year Balance outstanding	1,161,617 -	1,133,329 -
The committee paid grants to Gore District Council <i>(Related through joint involvement with 3 councils)</i>	Value for year Balance outstanding	183,426 -	178,170 -
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	10,016 -	4,282 -
The committee received grants from Invercargill City Council <i>(2 committee members are part of Invercargill City Council)</i>	Value for year Balance outstanding	922,691 -	884,864 -
The committee received grants from Southland District Council <i>(2 committee members are part of Southland District Council)</i>	Value for year Balance outstanding	568,831 -	556,603 -
The committee received grants from Gore District Council <i>(2 committee members are part of Gore District Council)</i>	Value for year Balance outstanding	205,760 -	199,864 -
The committee has reimbursed Venture Southland now referred as Southland Regional Development Agency T/A Great South for operational expenses incurred on behalf of the committee <i>(2 committee members are part of Venture Southland)</i>	Value for year Balance outstanding	6,008 -	5,605 -
The committee has reimbursed Gore District Council for operational expenses incurred on behalf of the committee <i>(2 committee members are part of Gore District Council)</i>	Value for year Balance outstanding	262,750 79,529	272,928 -
The committee has reimbursed Southland District Council Grants received in error from CTOS for RMO -\$15,000 on 5/6/18 & 31/5/19 <i>(2 committee members are part of Southland District Council)</i>	Value for year Balance outstanding	30,000.00 -	- -

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 2020 (2019: nil).

9 COMMITMENTS

The Committee has outstanding commitments of grants approved but not paid as at 30 June 2020 of \$108,146 (2019: \$5,000).

The Committee has outstanding operational commitment approved but not paid as at 30 June 2020 of \$35,205 (2019 : 41,934).

There is no capital commitments as at 30 June 2020 (2019 : 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.

12 IMPACT OF COVID-19 ON THE COMMITTEE

On 11 March 2020, the World Health Organisation (WHO) declared the COVID-19 outbreak a pandemic and the New Zealand Government declared a national state of Emergency two weeks later. New Zealand was put into Alert Level 4 lockdown from the 26 March 2020 to 27 April 2020, and remained in lockdown at Alert Level 3 until 13 May 2020.

The overall impact on the operations of the Committee has been minimal. Payments of grants, which is the bulk of the Committee's expenditure continued as usual through the lockdown period. Future expenditure is also not expected to be affected due to current agreements in place.

The Committee's income is derived from either interest earned on term deposits, or funding from the three Councils that form the Committee. There has been no impact on income in the current year due to COVID-19. There isn't expected to be an impact on future funding from the three Councils. There may be a small impact on interest income in the next financial year due to lower interest rates.

Overall there hasn't been any financial impact on the Committee in the current year, and the impact is expected to be minimal in the next financial year.

Independent Auditor's Report

To the readers of Southland Regional Heritage Committee's financial statements for the year ended 30 June 2020

The Auditor-General is the auditor of Southland Regional Heritage Committee (the Committee). The Auditor-General has appointed me, Andy Burns, 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 4 to 13 that comprise the statement of financial position as at 30 June 2020, 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 2020; 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 30 November 2020. 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.

Emphasis of matter – Impact of Covid-19

Without further modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the Committee, as set out in note 12 on page 13 of the financial statements.

Responsibilities of the Committee for the financial statements

The Committee are responsible for preparing financial statements that are fairly presented and 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.

Other Information

The Committee are responsible for the other information. The other information comprises the information included on page 3, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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: 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.



Andy Burns
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand