

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

Half Year Report

For the six months ended 31 December 2022

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

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THE INVERCARGILL CITY CHARITABLE TRUST BOARD

For the six months ended 31 December 2022

ENTITY INFORMATION

Legal name

The Invercargill City Charitable Trust Board (the Trust).

Type of entity and legal basis

The Trust is incorporated in New Zealand under the Charitable Trusts Act 1957. The Trust is a Council Controlled Organisation of the Invercargill City Council as defined in section 6 (1) of the Local Government Act 2002.

Charities Services registration number

CC32606

The Trust's purpose or mission

The primary objective of the Trust is to fund both capital and income for charitable purposes for the provision of public amenities, libraries, reading rooms, lectures and classes for instruction, as well as development of athletic sports, wholesome recreations, rewards for acts for courage and self sacrifice, for the general benefit of the people within the Invercargill district.

Structure of the Trust's operations, including governance arrangements

The Trust comprises a Board of three Trustees who oversee the governance of the Trust. The Trustee positions are held by the Mayor, Deputy Mayor and Chief Executive of the Invercargill City Council. Day-to-day operations of the Trust and reporting to the Board is administered by staff provided by Invercargill City Council.

Trustees as at 30 December 2022

Barry Stewart (ICC Councillor)	<i>appointed November 2022</i>
C V Hadley (ICC CEO)	
L Soper (ICC Councillor)	<i>appointed November 2022</i>
N Clark (ICC Mayor)	<i>appointed October 2022</i>
Tom Campbell (ICC Deputy Mayor)	<i>appointed October 2022</i>

Main sources of the Trust's cash and resources

Operating grants and donations received from Invercargill City Council and other community funders are the primary sources of funding for the Trust.

Outputs

The main outputs of the Trust relate to passing on any funding obtained and costs relating to the ownership and maintenance of Rugby Park Stadium.

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

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

COMMENTARY

For the six months ended 31 December 2022

Year to date

Revenue:

Total revenue for the six months to 31 December is \$18.5k higher than the prior period, with a total of \$19.5k received in the current period (prior period \$1k). In the current period \$13k of grants had been received for the Xmas in the Park event held in December 2022. The interest revenue - bank is 6.4k compared to 0.9k last year.

Expenditure:

Total expenditure for the six months to 31 December is in line with last year, with total expenditure of \$472k in the current period (prior period \$247k).

For the six months ending 31 December 2022, there is a deficit of \$453k, which is \$207k more than the prior period deficit of \$246k.

The increased deficit is due to the increase in depreciation.

Full year projection

Revenue:

Total revenue for the year ended 30 June 2023 is forecast to be \$50k. Of this, we have received 18.5k as at 31 December 2022. The remaining \$31.5k is expected to be made up of recovery of audit fees, interest and grants received for Christmas in the Park

Expenditure:

Total expenditure for the year ended 30 June 2023 is forecast to be \$1.025m. Of this, \$472k of expenses have been paid or accrued for as at 31 December 2022. The remaining \$235k of expenses is expected to be made up of:

- A further \$28k rates expenses relating to Christmas in the park
- A further \$3k rates expense and various other expenses 5k relating to Rugby Park Stadium
- A further \$36k of rental payments to Rugby Southland
- A further \$13k of Audit fees payments to Audit NZ
- A further \$468k of depreciation expenditure relating to Rugby Park Stadium. This Expense is subject to change due to the Stadium being revalued this year

As at 30 June 2023 a projected net deficit of \$975k is forecast.

THE INVERCARGILL CITY CHARITABLE TRUST BOARD


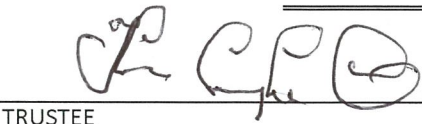
STATEMENT OF FINANCIAL PERFORMANCE
For the six months ended 31 December 2022

	<i>Note</i>	2022	2021
		\$	\$
<i>Revenue</i>			
Grants and donations	1	13,066	-
Interest income		6,432	917
<hr/>			
TOTAL REVENUE		19,497	917
<i>Expenses</i>			
Depreciation	7	468,223	225,617
Other expenses	2	4,251	21,774
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TOTAL EXPENSES		472,474	247,390
NET SURPLUS/(DEFICIT)		(452,976)	(246,473)
<i>Other comprehensive revenue and expense</i>			
		-	-
<hr/>			
TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENSE		-	-
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TOTAL COMPREHENSIVE REVENUE AND EXPENSE		(452,976)	(246,473)

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

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

**STATEMENT OF FINANCIAL POSITION
For the six months ended 31 December 2022**

	Note	2022 \$	2021 \$
Assets			
Current assets			
Bank accounts and cash	3	396,868	439,533
Accrued revenue	4	12,680	12,308
GST Receivable		684	2,001
TOTAL CURRENT ASSETS		410,232	453,842
Non-current assets			
Property, plant and equipment	7	13,572,177	14,739,305
TOTAL NON-CURRENT ASSETS		13,572,177	14,739,305
TOTAL ASSETS		13,982,409	15,193,147
Liabilities			
Current liabilities			
Creditors and accrued expenses	5	26	35,320
GST payable		-	-
TOTAL CURRENT LIABILITIES		26	35,320
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		26	35,320
TOTAL ASSETS less TOTAL LIABILITIES		13,982,383	15,157,827
Equity			
Accumulated funds	6	10,246,602	14,463,551
Asset revaluation reserve	6	3,735,782	694,276
TOTAL TRUST EQUITY		13,982,383	15,157,827
			
TRUSTEE			
			
TRUSTEE			

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

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

STATEMENT OF CASH FLOWS

For the six months ended 31 December 2022

	Note	2022	2021
		\$	\$
<i>Cash flows from operating activities</i>			
Receipts of council funding		-	-
Receipts of subsidies, grants and donations		13,066	-
Receipts of other income		14,154	-
Interest receipts		6,432	917
Payments to suppliers		(25,902)	(1,031)
GST (net)		1,044	1,660
Net cash flow from / to operating activities		8,794	1,545
<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		8,794	1,545
Opening cash balance		388,074	437,987
CLOSING CASH BALANCE		396,868	439,533

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

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

STATEMENT OF ACCOUNTING POLICIES For the six months ended 31 December 2022

ACCOUNTING POLICIES APPLIED

GENERAL INFORMATION

The financial statements presented here are for the Invercargill City Charitable Trust Board ("the Trust"), which is a Trust incorporated and domiciled in New Zealand on 16 October 1984.

The financial statements of the Trust are for the 6 months ending 31 December 2022.

BASIS OF PREPARATION

The Board has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting - Accrual (Public Sector) on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

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

The Board of Trustees do not have the power to amend the financial statements once they have been issued.

SIGNIFICANT ACCOUNTING POLICIES

SUBSIDIES AND GRANTS REVENUE

Subsidies and grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met ("use or return condition"). If there is such an obligation, the subsidy or grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

When grants are receivable as compensation for expenses already incurred, these are recognised as income in the period in which they are receivable.

EXPENDITURE

All expenditure is recognised in the Statement of Financial Performance in the period in which it is incurred.

GRANTS PAID

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Trust has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Trust's decision.

BANK ACCOUNTS AND CASH

Bank accounts and cash comprise cash on hand, cheque or savings accounts, deposits held at call with banks, and other short-term highly liquid investments with original maturities of less than three months.

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

STATEMENT OF ACCOUNTING POLICIES

For the six months ended 31 December 2022

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at fair value, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Trust and the cost of the item can be measured reliably.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Financial Performance. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Revaluation

Property, plant and equipment are revalued with sufficient regularity (at least every three years) to ensure that the carrying amount does not differ materially from the fair value.

Revaluation movements are accounted for on an asset class basis.

The net revaluation results are credited or debited to other comprehensive revenue, and are accumulated to an asset revaluation reserve in equity. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue, but is instead recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value is recognised in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Building depreciation rates range from SL 3-15%

Property improvement depreciation rates range from SL 2-23%

BORROWINGS

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

GOODS AND SERVICES TAX

The Trust is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

TAXATION

The Trust is a charitable organisation registered with Charities Services and is therefore exempt from taxation.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the reporting period.

TIER 2 PBE ACCOUNTING STANDARDS APPLIED

The Trust has elected to apply PBE IPSAS 17 Property, Plant and Equipment in measuring the fair value of Rugby Park Stadium, and has completed an impairment assessment in accordance with the standard, PBE IPSAS 26 - Impairment of Cash Generating Assets.

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December 2022

	2022	2021
1 Grants and donations		
Grant ILT Foundation	13,066	-
	13,066	-
2 Other expenses	\$	\$
Rates	4,206	3,924
Other	44	17,850
Total other expenses	4,251	21,774
3 Bank accounts and cash	\$	\$
Cash at bank	396,868	439,533
Total bank accounts and cash	396,868	439,533
4 Accrued revenue	\$	\$
Audit fee and disbursements recovery 20/21	-	12,308
Audit fee and disbursements recovery 21/22	12,680	-
Total accrued revenue	12,680	-
5 Creditors and accrued expenses	\$	\$
Water Rates	26	-
Total creditors and accrued expenses	26	-

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December 2022

6 Equity	2022	2021
	\$	\$
Accumulated funds		
Balance at 1 July	10,699,578	14,710,024
Surplus/(deficit) for the year	(452,976)	(246,473)
Transfer to revaluation reserve	-	-
Transfer from revaluation reserve	-	-
Balance at 31 December	10,246,602	14,463,551
Asset revaluation reserve		
Balance at 1 July	3,735,782	694,276
Asset revaluation gains	-	-
Asset revaluation losses	-	-
Balance at 31 December	3,735,782	694,276
TOTAL EQUITY at 31 December	13,982,384	15,157,827
Asset revaluation reserves for each class of asset consist of:		
Land	915,000	515,000
Buildings	1,890,792	-
Property improvements	929,990	179,276
Total	3,735,782	694,276

7 Property, plant & equipment

	Land	Buildings	Property Improvements	Total
	\$	\$	\$	\$
Carrying amount as at 1 July 2022	1,900,000	10,029,800	2,110,600	14,040,400
Additions	-	-	-	-
Disposals (net of accumulated depreciation)	-	-	-	-
Depreciation expense	-	(372,548)	(95,674)	(468,223)
Revaluation Adjustment	-	-	-	-
Carrying amount as at 31 December 2022	1,900,000	9,657,252	2,014,926	13,572,177
Carrying amount as at 1 July 2021	1,500,000	11,945,402	1,519,520	14,964,922
Additions	-	-	-	-
Disposals (net of accumulated depreciation)	-	-	-	-
Depreciation expense	-	(155,247)	(70,370)	(225,617)
Carrying amount as at 31 December 2021	1,500,000	11,790,155	1,449,150	14,739,305

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December 2022

8 Property, plant & equipment continued

Property, plant and equipment was valued by Quotable Value Ltd at 30 June 2022 as \$14,040,400 with fair value being determined on the basis of depreciated replacement cost.

The valuation of property, plant and equipment was performed by an independent registered valuer, A Ronald of QV Asset & Advisory. The valuation is effective as at 30 June 2022. The Trust has elected to apply PBE IPSAS 17 Property, Plant and Equipment in measuring the value of Rugby Park Stadium.

Land

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values.

Buildings

The replacement costs of the specific assets are adjusted where appropriate for optimisation due to over-design or surplus capacity. Optimisation is 75% due to the overcapacity of the current stadium.

The Main and West Stand and the media box are earthquake-prone buildings. In addition, the west stand suffers from weather tightness issues. The weather tightness issues have been highlighted in recent building condition reports undertaken for the Council.

The remaining useful life of assets is estimated after considering factors such as the condition of the asset, future maintenance and replacement plans, and experience with similar buildings. The useful life of the stadium is 65 years. QV used adjusted adopted lives of the components to reflect the impact of the structural issues with the main stand and the media tower. As structures near the end of their theoretical lives, minimum residual lives are adopted to reflect the remaining base value still existing prior to any renovation or upgrading. The economic lives have been reduced of the component parts of the affected building rather than adjusted the effective year built.

A gain on revaluation in 21/22 for Land of \$200,000 and Property Improvements of \$372,634 has been recognised in the asset valuation reserve. Buildings revaluation gain of \$1,890,792 is included in comprehensive income, reversing last years revaluation loss.

9 Related Parties

Invercargill City pays a grant Invercargill City Charitable Trust to offset the cost of the audit fees incurred.

10 Contingencies

There are no known contingent liabilities (or assets) at 30 June 2023 (2021: nil).

11 Commitments

ICCT have an obligation to provide office space for Rugby Southland Incorporated under an existing lease agreement. ICCT have subsequently agreed to cover a three year lease between Rugby Southland and the owner of alternative premises to the value of \$107,100 over three years (\$35,700 excl GST per annum) which started 1 July 2021. As at 30 June 2022 ICCT have paid the first instalment of \$35,700 of the new alternative premises lease (2022: \$35,700) and (2021: \$14,400) for rental of alternate offices at the Invercargill Netball Centre. For the current year we have not received an invoice from rugby southland.

12 Events after balance sheet date

There are no events after balance date.