

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

Annual Report

For the year ended 30 June 2022

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

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THE INVERCARGILL CITY CHARITABLE TRUST BOARD

For the year ended 30 June 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 June 2022

Sir T R Shadbolt (ICC Mayor)

N Clark (ICC Deputy Mayor)

C V Hadley (ICC CEO)

L Soper (ICC Councillor)

appointed April 2022

A Arnold (ICC Councillor)

appointed April 2022

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

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2022

	Note	2022 \$	2021 \$
<i>Revenue</i>			
Council funding	1	12,680	12,308
Grants and donations		-	14,422
Interest income		3,360	1,066
Reversal of Revaluation Loss		1,890,792	
TOTAL REVENUE		1,906,832	27,796
<i>Expenses</i>			
Audit fees		12,680	12,308
Depreciation	8	854,926	451,233
Loss on revaluation of Buildings	8		3,364,874
Grants & subsidies		-	13,929
Other expenses	2	42,208	23,822
Valuation fees		5,571	-
TOTAL EXPENSES		915,384	3,866,166
NET SURPLUS/(DEFICIT)		991,448	(3,838,370)
<i>Other comprehensive revenue and expense</i>			
Revaluation reserve gain/(loss)	8	-	(46,228)
Asset revaluation gain/(loss)	8	572,634	578,080
TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENSE		572,634	531,852
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		1,564,082	(3,306,518)

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

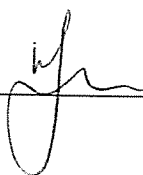
THE INVERCARGILL CITY CHARITABLE TRUST BOARD

STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2022

	Note	2022	2021
		\$	\$
Assets			
<i>Current assets</i>			
Bank accounts and cash	4	388,074	437,987
Accrued revenue	5	24,988	12,308
GST Receivable		193	1,391
		413,255	451,686
TOTAL CURRENT ASSETS		413,255	451,686
<i>Non-current assets</i>			
Property, plant and equipment	8	14,040,400	12,431,900
TOTAL NON-CURRENT ASSETS		14,040,400	12,431,900
TOTAL ASSETS		14,453,655	12,883,586
Liabilities			
<i>Current liabilities</i>			
Creditors and accrued expenses	6	18,295	12,308
GST payable		-	-
TOTAL CURRENT LIABILITIES		18,295	12,308
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		18,295	12,308
TOTAL ASSETS less TOTAL LIABILITIES		14,435,360	12,871,278
Equity			
Accumulated funds	7	12,590,370	11,598,921
Asset revaluation reserve	7	1,844,990	1,272,356
TOTAL TRUST EQUITY		14,435,360	12,871,278

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 year ended 30 June 2022

	<i>Note</i>	2022	2021
		\$	\$
<i>Cash flows from operating activities</i>			
Receipts of council funding		-	126,864
Receipts of subsidies, grants and donations		-	14,422
Interest receipts		3,360	1,066
Payments to suppliers		(62,642)	(53,040)
GST (net)		9,369	(1,231)
Net cash flow from / to operating activities		(49,913)	88,082
<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		(49,913)	88,082
Opening cash balance		437,987	349,905
CLOSING CASH BALANCE		388,074	437,987

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 year ended 30 June 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 year ending 30 June 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 year ended 30 June 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 2-21%

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 year ended 30 June 2022

	2022	2021
1 Council funding	\$	\$
Grants	-	-
Recoveries	12,680	12,308
Total council funding	12,680	12,308
2 Other expenses	\$	\$
Rates	6,463	7,082
Rental Payments - Rugby Southland	35,700	14,400
Other	44	2,340
Total other expenses	42,208	23,822
3 Audit fees	\$	\$
Audit fees	12,680	12,308
Total audit fees	12,680	12,308
<p>Audit fees accrued for the 2022 year are \$12,680 (2021: \$12,308). Audit fees are recovered from the Invercargill City Council, and recognised as receivable at balance date.</p>		
4 Bank accounts and cash	\$	\$
Cash at bank	388,074	437,987
Total bank accounts and cash	388,074	437,987
5 Accrued revenue	\$	\$
Audit fee and disbursements recovery 20/21	12,308	12,308
Audit fee and disbursements recovery 21/22	12,680	
Total accrued revenue	24,988	12,308
6 Creditors and accrued expenses	\$	\$
Audit fee	12,680	12,308
QV Valuation	5,571	
Annual Return	44	
Total creditors and accrued expenses	18,295	12,308

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2022

7 Equity	2022	2021		
	\$	\$		
Accumulated funds				
Balance at 1 July		15,437,291		
Surplus/(deficit) for the year	11,598,922	(3,306,518)		
Transfer to revaluation reserve	1,564,082	(578,080)		
Transfer from revaluation reserve	(572,634)	46,228		
Balance at 30 June	12,590,370	11,598,921		
Asset revaluation reserve				
Balance at 1 July	1,272,356	740,504		
Asset revaluation gains	572,634	578,080		
Asset revaluation losses		(46,228)		
Balance at 30 June	1,844,990	1,272,356		
TOTAL EQUITY at 30 June	14,435,360	12,871,277		
Asset revaluation reserves for each class of asset consist of:				
Land	915,000	715,000		
Buildings	-	-		
Property improvements	929,990	557,356		
Total	1,844,990	1,272,356		
8 Property, plant & equipment				
	Land	Buildings	Property Improvements	Total
	\$	\$	\$	\$
Carrying amount as at 1 July 2021	1,700,000	8,834,300	1,897,600	12,431,900
Additions	-	-	-	-
Disposals (net of accumulated depreciation)	-	-	-	-
Depreciation expense	-	(695,292)	(159,634)	(854,926)
Revaluation Adjustment	200,000	1,890,792	372,634	2,463,426
Carrying amount as at 30 June 2022	1,900,000	10,029,800	2,110,600	14,040,400
Carrying amount as at 1 July 2020	1,500,000	12,555,895	1,660,260	15,716,155
Additions	-	-	-	-
Disposals (net of accumulated depreciation)	-	-	-	-
Depreciation expense	-	(310,493)	(140,740)	(451,233)
Revaluation Adjustment	200,000	(3,411,102)	378,080	(2,833,022)
Carrying amount as at 30 June 2021	1,700,000	8,834,300	1,897,600	12,431,900

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 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 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 2022 (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.

12 Events after balance sheet date

There are no events after balance date.

THE INVERCARGILL CITY CHARITABLE TRUST BOARD

STATEMENT OF SERVICE PERFORMANCE

For the year ended 30 June 2022

Statement of intent performance

Listed below are the Trust's forecasted performance targets as per the 2022 Statement of Intent compared with actual results.

	Actual \$	Forecast \$
Operating revenue (excluding finance income and donations)	12,680	20,000
Finance income and donations	3,360	15,000
Reversal of Revaluation Loss	1,890,792	
	1,906,832	35,000
Operating expenses (excluding interest and depreciation)	60,458	60,000
Depreciation	854,926	450,000
Impairment of Buildings	-	-
	915,384	510,000
Operating surplus/(deficit)	991,448	(475,000)

Actual operating revenue received is above forecast due to a gain on revaluation of the Rugby Park building this year reversing \$1,890,792 of last years revaluation loss. Actual operating expenses paid are above forecast by \$424,344. This is due to the new depreciation rates and carrying values determined in last year's revaluation set by QV.

Service Performance

Outputs	Strategies to achieve Outputs	Target	Outcomes
Determining the future of Rugby Park Stadium	Consult with Council with regard the future direction of Rugby Park Stadium	Clear strategy with regard future of Rugby Park Stadium	This remains a key strategic focus with resolution anticipated within the 2022/23 year.
Apply for funding for events within the Invercargill City and District	Apply for funding on behalf of people/entities for events within the Invercargill City/District	Apply for funding for new events	Not achieved