

Aorangi Stadium Trust

Statement Of Intent

2023/24

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1 Preamble

Aorangi Stadium Trust is a Council Controlled Organisation as defined by Section 6 of the Local Government Act 2002.

This Statement of Intent sets out the overall intentions and objectives for Aorangi Stadium Trust for the period 1 July 2023 to 30 June 2024 and the two succeeding financial years.

Aorangi Stadium Trust contracts its administration from the Timaru District Council and therefore does not employ staff and Trustees are not remunerated. Under a management contract activities undertaken within the Stadium are managed by Timaru District Council.

2 Objectives Of The Trust

The purpose of the Trust is to continue development, maintenance and operation of the Aorangi Stadium and adjoining areas on Aorangi Park, Timaru for the use of the public.

General objectives are:

- a. To promote the development and ongoing maintenance of the Aorangi Sports Stadium on the Morgans Road Recreation Reserve and for that purpose to enter into satisfactory arrangements with the owner of the land, Timaru District Council.
- b. To support and promote facilities for indoor and outdoor sport or any other recreational pursuit.
- c. To acquire any real or personal property for the purpose of the Trust to extend the buildings and to develop land for the general purposes of the Trust.
- d. To promote and encourage community activities and to assist sports bodies, community organisations and organisations devoted to the welfare of youth in the region of South Canterbury.

3 Nature And Scope of Activities To Be Undertaken

Aorangi Stadium Trust owns the Stadium and Events centre located at Aorangi Park, Timaru. The facility, known as the Southern Trust Events Centre, is leased to the Timaru District Council, who manages and operates the facility. Many of the objectives of the Trust have now been delegated to Timaru District Council.

The Trust is responsible for the major maintenance and building renewals as landlord of the building.

4 Governance

Aorangi Stadium Trust oversees the building maintenance to ensure the facility is well maintained. Day to day operation of the building is undertaken by Timaru District Council.

5 Financial management

The Trust will seek agreement from Timaru District Council that the Council will underwrite agreed expenditure exceeding established funding streams.

5 Statement Of Accounting Policies

Aorangi Stadium Trust is a registered charity (registration number: CC22027).

Details of the current accounting policies are contained in Appendix A.

6 Performance Targets

- a. Necessary maintenance projects are completed on time and on budget.
- b. Regular liaison occurs with the tenant, Timaru District Council, on at least a bi-annual basis to ensure that the facility and the associated arrangements are operating to the satisfaction of both parties.
- c. Undertake, with Timaru District Council, a review of the future costs and funding of maintenance, depreciation and capital expenditure; and the options for the ownership structure of the stadium.

7 Financial Forecasts

The financial forecasts are based on estimated revenue flows and estimated capital structures.

8 Reporting To Shareholders

The following information will be available to shareholders based on an annual balance date of 30 June.

a. Draft Statement of Intent

By the March 1 annually, the Trustees shall (for so long as the Trust remains a Council Controlled Organisation), deliver to the Council a draft Statement of Intent for the following financial year which fulfils the requirements of Section 64 of the Local Government Act 2002.

b. Completed Statement of Intent

By June 30 annually the Trustees shall deliver to the Council the final Statement of Intent for the following financial year which fulfils the requirements of Section 64 of the Local Government Act 2002.

c. Half Yearly Report

Within two months following the first half of each financial year, the Trustees shall deliver to the shareholders an unaudited report containing the following information as a minimum in respect of the half year under review:

- i. A Statement of Financial Performance disclosing actual revenue and expenditure including a comparison of actual against budget, and comparative figures
- ii. A Statement of Financial Position
- iii. A commentary on the results for the first six months, together with a report on the outlook for the second six months.

d. Annual Report

- i. Within three months after the end of each financial year, the Trustees shall deliver to the Council, and make available to the public, an annual report and audited financial statements of that financial year, containing the following information as a minimum:
 - A Trustees' report including a summary of the financial results, a review of operations, a comparison of performance in relation to objectives;
 - A Statement of Financial Performance disclosing actual revenue and expenditure including a comparison of actual against budget, and comparative figures;

- A Statement of Financial Position;
- A Statement of Cashflows;
- An Auditor's report on the above statements and the measurement of performance in relation to objectives.

The Trust financial reporting will comply with Timaru District Council Group accounting policies and deliver its financial results, including the notes as applicable and compatible, consistent with the Group financial reporting structure.

9 Distribution Policy

The Trust is a non-profit organisation and does not generate income or dividends for Timaru District Council.

10 Procedures For Acquisition Of Other Interests

The Trust will only purchase an interest in another business or invest in the shares of another company or organisation with the prior approval of Timaru District Council.

11 Activities For Which Compensation Is Sought From Any Local Authority

The Trust will continue to seek compensation from Timaru District Council relating to funding maintenance and administration costs for the stadium and reimbursement of insurance costs.

12 Estimate Of Commercial Value Of The Shareholders Investment

The Trustees estimate that the balance of funds in the annual accounts will represent the value of Aorangi Stadium Trust. The Trustees will advise Timaru District Council if they believe the value to differ materially from this state.

Appendix A: Statement of Accounting Policies as at 30 June 2023

REPORTING ENTITY

Aorangi Stadium Trust (the Trust) is a charitable trust incorporated on 14 August 2001 under the Charitable Trusts Act 1957 (CTA).

The Trust is controlled by Timaru District Council (the Council) as a Council Controlled Organisation (CCO) as defined in section 6 of the Local Government Act 2002 (LGA), with all Trustees being appointed by the Council.

It is fully domiciled and operated in New Zealand.

The purpose of the Trust is to continue the development, maintenance and operation of the Aorangi/Timaru Stadium and adjoining areas on Aorangi Park in Timaru. As a charity the Trust does not operate to make a financial return.

The reporting date of the Trust is 30 June.

The Trust has been designated as a Public Benefit Entity (PBE) for the purpose of complying with Generally Accepted Accounting Practice (GAAP).

The financial statements of the Trust are for the year ended 30 June 2023.

The financial statements were authorised for issue by the Trustees on 7 November 2023.

BASIS OF PREPARATION

The financial statements are prepared in accordance with the Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) or PBE SFR-A (PS), as the Trust is deemed to be a public entity subject to public sector standards and has total annual expenses of equal to or less than \$2,000,000. All transactions are reported using the accrual basis of accounting. The Annual Report is prepared under the assumption that the Trust will continue to operate in the foreseeable future.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

Changes in accounting policies and disclosures

There have been no changes in accounting policies during the year however some disclosures have been modified to agree with Group presentation practices and principles. There have been no changes in the reported outcomes as a result of any presentational changes.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies which do not relate to a specific note are outlined below.

Goods and Services Tax

Items in the financial statements are stated exclusive of goods and services tax (GST) except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax it is recognised as part of the related asset or expense.

The net amount of GST recoverable from or payable to the IRD is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

The Trust is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions as it is deemed a charitable trust for taxation purposes.

Budget figures

The budget figures presented in this report are those approved by the Trustees for 2022/23 unless stated otherwise. The budget figures have been prepared in accordance with GAAP, using accounting policies that are consistent with those adopted by the Trust in preparing these financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are:

- Estimating the provisions for deferred maintenance (Note 11)

Critical judgments in applying accounting policies

Management has exercised the following critical judgments in applying accounting policies:

- Valuation methodology for property, plant and equipment (Note 9)

Revenue

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

Grants received

Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Interest

Interest revenue is recognised using the effective interest method.

Maintenance Expenses

Maintenance expenses are expensed as they are incurred except that, where related to a provision, an offsetting release from that provision is made.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Reconciliation of net surplus/(deficit) after tax to net cashflow from operating activities

Cashflow statement

Operating activities include cash received from all revenue sources of the Trust, and expenditure payments made for the supply of goods and services.

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

Financing activities are those activities relating to the changes in equity, and debt structure of the Trust.

Property, plant and equipment

Property, plant and equipment consists of operational assets including buildings and buildings improvements and furniture and equipment, which are utilised by the Trust to deliver services.

Buildings and building improvements and furniture and equipment are measured at cost less accumulate depreciation and impairment losses.

Unless specifically stated, acquisitions are initially valued at cost.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential

associated with the item will flow to the Council and group and the cost of the item can be measured reliably and is greater than \$3,000, subject to individual asset assessment.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

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 Council and group and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment at rates that will write off the cost 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 as follows:

Buildings and building improvements	and	building	1% - 30% Straight line
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Impairment of property, plant, and equipment

Property, plant, and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount and the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in surplus or deficit.

Payables and deferred revenue

Short-term creditors and other payables are measured at the amount payable.

Payables are generally non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of payables approximates their fair value.

Deferred revenue represents receipts the conditions of which have not yet been fulfilled but which are expected to be recognised as revenue within 12 months.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event;
- it is probable that an outflow of future economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed annually to determine their appropriateness, including the value of the provision.

Equity/Accumulated Funds

Equity is the community's interest in the Trust and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

Contributed capital: this represents the funds initially contributed by the members of the Trust particularly from public fundraising;

Accumulated surpluses/(deficits): this represents the accumulation of all financial results since the inception of the Trust;

Reserves: this represents funds set aside relating to specific purposes or relating to funding from hypothecated sources.

Events after balance date

Events which are deemed to actually or potentially have a material impact on the Trust, but which occur after balance date, will be disclosed including a statement regarding why they have been assessed as being of significant materiality.