

AORANGI STADIUM TRUST

Report for the six months to 31 December 2022

CONTENTS	PAGE
Entity information: Who we are	3
Trustees' Report and what we do, with statement of service performance	4-5
Statement of Financial Performance	5
Statement of Financial Position	6-7
Statement of Cash Flows	8
Notes to the Financial Statements	9-21

Entity information: Who we are

Aorangi Stadium Trust (“the Trust”) was incorporated on 14 August 2001 under the Charitable Trusts Act 1957. The Trust is controlled by Timaru District Council as a council controlled organisation as defined in section 6 of the Local Government Act 2002.

The registration number for the Trust on the Charities Register is CC22027.

Contact details

Physical address:	70 Morgans Road, Timaru 7910
Postal address:	P.O. Box 522, Timaru 7940
Phone:	(03) 687 7200
Email:	John.liddiard@timdc.govt.nz

The Trust has a Board of four Trustees who oversee governance of the Trust and Timaru District Council manage the facility and administer the Trust.

The Trustees during the to 30 June 2022 were:

Peter Burt (Chairman)

Allan Booth

Sally Parker

Stu Piddington

The main source of resources for the Trust is grants and support from the Timaru District Council. The Trust has engaged in external fundraising in this financial year but does not use volunteers.

Trustees' Report and what we do, with statement of service performance

The purpose of the Trust is to continue development, maintenance and operation of the Timaru (or Aorangi) Stadium and adjoining areas on Aorangi Park in Timaru.

The Stadium is leased to Timaru District Council which is responsible for day to day maintenance with the Trust being responsible for the landlord elements of the property.

The Trust works with Timaru District Council to manage the Stadium in the interests of the people of Timaru and South Canterbury and the Council provides expertise to assist in this process.

Statement of service performance:

There are specifically agreed objectives for the Trust as a Council Controlled Organisation to ensure that it is being managed effectively:

Description and outcomes of agreed targets for the Trust:	Six months actual: 2023	FY Actual 2022
Ratio of equity to total assets remains above 90%	Not a target for 2023	Not met -50.0%
Regular liaison occurs with the tenant (Timaru District Council) on at least a six monthly basis.	Met	Met
Audited annual report completed within 3 months of financial year end.	Not yet applicable	Not met
Promote ongoing development and maintenance of Aorangi Stadium on Morgans Road Recreation Reserve.	Partially met	Met
Undertake, with Timaru District Council, a review of the future costs and funding of maintenance and depreciation; and the options for the ownership structure of the stadium.	Partially met	Partially met

During the first half of the 2023 financial year the Trust continued exploring options for the future ownership and funding of the stadium with Timaru District Council.

No significant maintenance work has been performed on the stadium as its future is being considered, including deferred maintenance work provided for in the deferred maintenance provision or earthquake strengthening work included in contingent liabilities.

The 2023 budget has not yet been revised to take account of potential changes in funding or ownership or the 2021/22 results. It is anticipated that forecasts and

budgets will be substantially revised following the conclusion of discussions regarding the future of the stadium.

Statement of Financial Performance

for the six months to 31 December 2022

	Notes	Actual 6 months 2023 \$	Budget FY 2023 \$	Actual FY 2022 \$
<u>Revenue</u>				
Subsidies and grants	2	0	94,000	353,557
Finance revenue	2	9,532	4,000	4,636
Total Revenue		9,532	98,000	358,193
<u>Expenses</u>				
Maintenance expenses	3	0	(45,000)	(1,055,971)
Other expenses	4	(80,234)	(45,000)	(121,203)
Depreciation	8	0	(166,340)	(176,953)
Total expenses		(80,234)	(256,340)	(1,354,127)
Net surplus/(deficit) for the year		(70,702)	(158,340)	(995,934)

Statement of Financial Position

as at 31 December 2022

	Notes	Actual 6 months 2023 \$	Budget FY 2023 \$	Actual FY 2022 \$
<u>Assets</u>				
<u>Current Assets</u>				
Cash and cash equivalents	5	590,822	346,437	711,584
Receivables	7	1,260	25,000	10,809
Prepayments	7	4,242	-	3,547
Total Current Assets		596,324	371,437	725,940
<u>Non-Current Assets</u>				
Property, plant and equipment	8	317,432	309,171	317,432
Total Non-Current Assets		317,432	309,171	317,432
Total Assets		913,756	680,608	1,043,372
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Payables and deferred revenue	9	(81,531)	(5,001)	(153,782)
Provisions	10	(250,803)	-	(265,204)
Total Current Liabilities		(332,334)	(5,001)	(418,986)
<u>Non-Current Liabilities</u>				
Provisions	10	(1,173,875)	-	(1,146,137)
Total non-current liabilities		(1,173,875)	-	(1,146,137)
Total Liabilities		(1,506,209)	(5,001)	(1,565,123)
Net Assets (Total Assets less Total Liabilities)		(592,453)	675,607	(521,751)

	Notes	Actual Six months 2023 \$	Budget FY 2023 \$	Actual FY 2022 \$
<u>Accumulated Funds</u>				
Capital contributed by members	13	3,050,631	3,050,631	3,050,631
Accumulated surpluses/(deficits)	13	(3,643,084)	(2,375,024)	(3,572,382)
Reserves	13	-	-	-
Total Accumulated Funds		(592,453)	675,607	(521,751)

Trustee

Trustee

Statement of Cash Flows

for the six months to 31 December 2022

	Actual 6 months 2023 \$	Budget FY 2023 \$	Actual FY 2022 \$
<u>Cash Flows (to)/from Operating Activities</u>			
<u>Cash was received from:</u>			
Donations, fundraising and other similar receipts	-	94,000	444,747
Interest, dividend and other investment receipts	9,532	4,000	4,698
Net GST	9,549	-	611
<u>Cash was applied to:</u>			
Payments to suppliers	(139,843)	(140,999)	(50,845)
Net Cash Flows from Operating Activities	(120,762)	(42,999)	399,211
Net increase/(decrease) in cash			399,211
Opening Cash	711,584	389,436	312,373
Closing Cash	590,822	346,437	711,584
 <u>This is represented by:</u>			
Bank current account and short-term deposits	5	590,822	711,584

Notes to the Financial Statements

for the six months to 31 December 2022

1 Statement of Accounting Policies

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 2022.

The financial statements were authorised for issue by the Trustees on 8 February 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 2021/22 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 10)

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 8)

Note 2: 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.

Note 3: 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.

Note 5: 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.

Note 6: 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.

Note 8: 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	1% - 30% Straight line
-------------------------------------	------------------------

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.

Note 9: 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.

Note 10: 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.

Note 13: 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.

Note 15: 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.

2 Revenue

i. Subsidies and grants

	Actual Six months 2023 \$	Actual 2022 \$
Grants from Timaru District Council: General funding	-	52,000
Grants from Timaru District Council: Insurance reimbursement	-	42,345
Grants from Trust Aoraki	-	259,212
Total	-	353,557

ii. Finance revenue

	Actual Six months 2023 \$	Actual 2022 \$
Interest revenue:		
- term deposits	9,532	4,636
Total	9,532	4,636

3 Maintenance expense

	Actual Six months 2023 \$	Actual 2022 \$
Maintenance costs incurred	-	(60,879)
Maintenance provision release	-	65,346
Increase in provision for maintenance costs	-	(1,060,438)
Total maintenance costs	-	(1,055,971)

4 Other expenses

	Actual Six months 2023 \$	Actual 2022 \$
Audit fees for financial statement audit: current year	-	(3,900)
Audit fees: other	-	(2,000)
Earthquake strengthening report	-	(71,061)
Insurance	50,206	(39,014)
Other expenses	30,028	(5,228)
Total	80,234	(121,203)

Other expenses includes an adjustment to the asset impairment provision of \$28k following an initial asset review. Assets will be comprehensively assessed at year-end as part of the process of reviewing the values held in the asset register.

5 Cash and cash equivalents

Actual

	Six months 2023 \$	Actual 2022 \$
Cash at bank	40,822	12,584
Short term deposits maturing 3 months or less from date of acquisition	550,000	699,000
Total	590,822	711,584

6 Reconciliation of net surplus/(deficit) to net cash flow from operating activities

	Actual Six months 2023 \$	Actual 2022 \$
Surplus/(deficit)	(70,702)	(995,934)
Add/(less) non-cash items:		
Depreciation and impairment charges	-	176,953
Movement in provisions	13,337	995,629
Other movements		(3,550)
Add/(less) movements in working capital items:		
Accounts receivable	8,854	80,381
Accounts payable	(72,251)	145,730
Net cash inflow/(outflow) from operating activities	(120,762)	399,211

7 Receivables

	Actual Six months 2023 \$	Actual 2022 \$
Other receivables	1,260	10,809
Related party receivables	-	-
	<u>1,260</u>	<u>10,809</u>
Prepayments	4,242	3,546
Total	<u><u>5,502</u></u>	<u><u>14,356</u></u>

No receivables are past due as at 31 December 2023 and no impairment provisions have been made relating to them.

8 Property, plant and equipment

Asset Class	Opening Carrying Value \$	Purchases \$	Disposals \$	Depreciation/ Impairment \$	Closing Carrying Value \$
Six months 2023					
Buildings	317,432	-	-	-	317,432
Total	<u>317,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>317,432</u>
2022					
Buildings	494,385	-	-	(176,953)	317,432
Total	<u>494,385</u>	<u>-</u>	<u>-</u>	<u>(176,953)</u>	<u>317,432</u>

9 Payables and deferred revenue

	Actual Six months 2023 \$	Actual 2022 \$
Trade payables and accrued expenses	81,531	72,062
Amounts due to related parties	-	81,720
Total	<u><u>81,531</u></u>	<u><u>153,782</u></u>

10 Provisions

i. Provision for deferred maintenance

Current provision	Actual Six months 2023 \$	Actual 2022 \$
Opening balance	265,204	256,962
Additional provisions made during the year	-	-
Transfer from non-current provision	-	73,588
Amounts used during the year	(14,401)	(65,346)
Closing balance	250,803	265,204

Non-current provision	Actual Six months 2023 \$	Actual 2022 \$
Opening balance	1,145,600	158,750
Additional provisions made during the year	-	1,060,438
Transfer from non-current provision	-	(73,588)
Closing balance	1,145,600	1,145,600

Total provision	Actual Six months 2023 \$	Actual 2022 \$
Opening balance	1,410,804	415,712
Additional provisions made during the year	-	1,060,438
Amounts used during the year	(14,401)	(65,346)
Closing balance	1,396,403	1,410,804

During 2021 a report was received regarding maintenance requirements for the stadium and the deferred maintenance provision has been made based on that report.

ii. Provision for asset impairment

Non-current provision	Actual Six months 2023 \$	Actual 2022 \$
Opening balance	537	-
Additional provisions made during the year	27,738	537
Amounts used during the year	-	-
Closing balance	28,275	537

A review of the accounting for assets was undertaken during 2022 and it was identified that some assets were being accounted for on a diminishing value basis rather than a straight line basis. Consequently insufficient depreciation has been charged on those assets and this will be adjusted for during the 2023 year, however this will be done for the year-end process so has not yet been done as at 31 December.

11 Contingencies

Earthquake strengthening

During 2022 a report was received regarding earthquake strengthening requirements for the stadium. The potential cost estimates relating to this currently range from \$3.85m to \$6.05m with an average of the range of \$4.63m. It is likely that following a review of the future of the stadium that this work will be included in the overall stadium development project as part of the development of Aorangi Park.

No contingent assets have been identified.

12 Commitments

There are no capital commitments or financial guarantees at 31 December (2022: Nil).

13 Accumulated funds

December 2023

Description	Capital contributed by owners or members	Accumulated surpluses/ (deficits)	Capital contributions reserves	Total accumulated funds
Opening balance	3,050,631	(3,572,382)	-	(521,751)
Surplus/(deficit)	-	(70,702)	-	(70,702)
Other movements	-	-	-	-
Transfer to/from reserves	-	-	-	-
Closing balance	3,050,631	(3,643,084)	-	(592,453)

June 2022

Description	Capital contributed by owners or members	Accumulated surpluses/ (deficits)	Capital contributions reserves	Total accumulated funds
Opening balance	3,050,631	(2,576,449)	-	474,182
Surplus/(deficit)	-	(995,934)	-	(995,934)
Other movements	-	1	-	1
Transfer to/from reserves	-	-	-	-
Closing balance	3,050,631	(3,572,382)	-	(521,751)

14 Related party transactions

Description of related party relationship	Transaction description (cash or in-kind)	Value of transactions		Amount outstanding	
		Six months	Full year	Six months	Full year
		2023	2022	2023	2022
		\$	\$	\$	\$
Services received from Timaru District Council	Cash	1,000	1,000	-	-
Capital contribution grant received from Timaru District Council	Cash	-	52,000	-	-
Grant for the reimbursement of insurance expenses by Timaru District Council	Cash	-	42,345	-	-
Site lease fee	Cash	-	-100	-	-

15 Events after balance date

The applicability of the Trust continuing to be registered for Goods and Services Tax (GST) was being addressed by the Inland Revenue Department as part of a review of entities registered for GST which are normally claiming refunds and whether such entities are engaging in taxable activities. This has now been resolved in favour of the Trust and it continues to be registered for GST.

16 Going concern

The Trust is considered to be a going concern as it has sufficient resources to support current planned expenditure and liabilities and Trustees believe that anticipated future income flows will be adequate for future requirements based on the information available as at the time of the preparation of this report.