

HUTT CITY COMMUNITY FACILITIES TRUST

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2014



FROM THE CHAIR

This year's Annual Plan will be remembered as a watershed year for Hutt City as the Council unveiled a significant investment and stimulus plan for our city. Years of fiscal restraint has enabled the Council to position itself to reinvest in a range of social services, community projects, measures to boost the local economy and new public infrastructure. All totalled, approximately \$100m of new spend has been identified. This will have a significant impact on a city of 107,000 residents.

The Hutt City Community Facilities Trust (CFT) has been placed at the forefront by Council, entrusted with the responsibility of rejuvenating our stock of tired public facilities. This is a rare opportunity which we keenly accept. Hutt City Council has espoused a clear vision of being a city where residents are proud to live, work and play. The CFT has a vital role in ensuring this vision is realized, and we are proud of our role in advocating for greater investment in community facilities which the Council has endorsed by substantially increasing their budget allocation for CFT projects over the next three financial years, as detailed in the Annual Plan.

The 2013/14 financial year is the first full year of operation for the CFT. Already we have four major projects that have received the green light from the Council and the community. These are the: Taita Sports and Community Centre; Fraser Park Sportsville Complex in Avalon; Regional Bowls Centre in Naenae; and, the Stokes Valley Community Hub. No doubt more projects will reveal themselves, and be added to this list, as community needs are identified and defined over the coming years, but these initial projects provide us plenty to get our teeth into in the meantime.

The most advanced of these projects is the refurbishment of Walter Nash Stadium, the new sports-hall, library and community hub which collectively make up the Taita Sports and Community Centre. The CFT has invested considerable resource into this project over the last twelve months and we have made significant progress on facility design, consents, procurement and fundraising. In June 2014 we proudly announced the appointment of Hawkins Construction Ltd as the successful tender, with the twelve month build program commencing in August. It will be fantastic to see cranes working on the Hutt skyline, a sure sign of progress on a project that has been 20 years in the making.

No less exciting is the work we are doing on the Fraser Park Sportsville project in nearby Avalon. Work will commence later this year on phase 1 of this project which will see a new artificial football/rugby turf laid, new softball diamonds established and a significant amount of ground works completed in readiness for the next stage. I acknowledge the years of tireless work the FPS Board and management have done to get to this point, and we are proud to partner with them in delivering new facilities which will be the physical manifestation of their commitment to work together and agree on a shared vision for sport and recreation at Fraser Park.

Aside from working on facility projects the Trust has spent a considerable amount of time getting its own house in order, as we scale up to meet the challenges before us. To this end we welcome the appointment of our first general manager, Peter Healy, who joins us with a distinguished background in local and central government roles. Peter's planning, business and project management skills will be well utilized, and he will lead a small team which is supported by Council staff and contracted specialists when

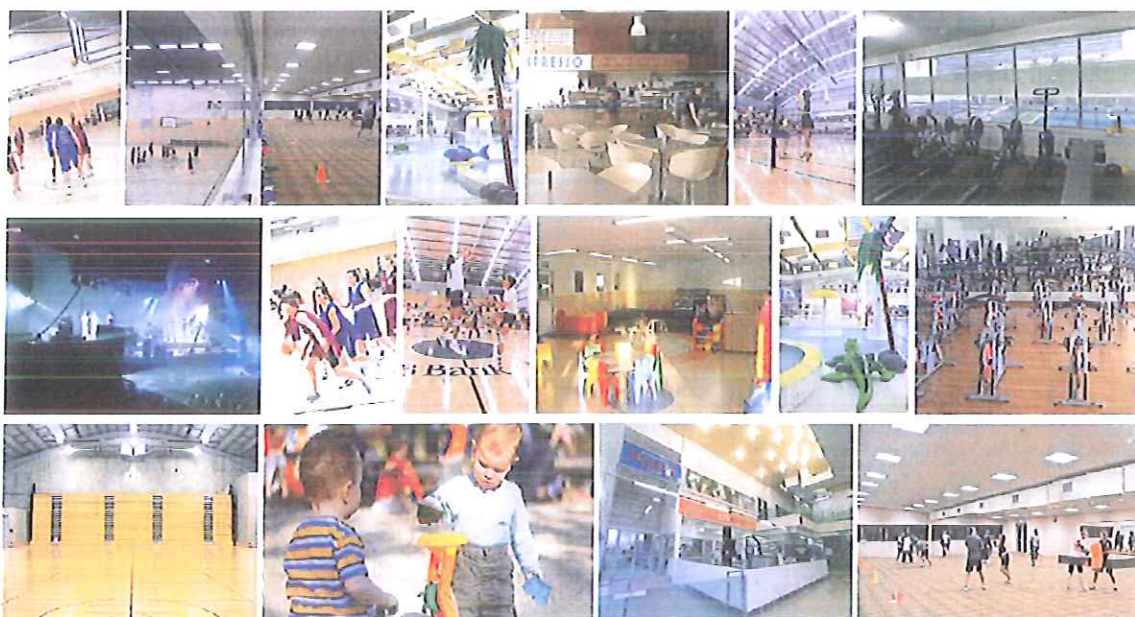
required. Collectively we are continuing to build our capability through growing our human resource and knowledge base, developing our relationships with other Councils, CCOs, facility owners and key stakeholders, talking with community groups and establishing systems and processes. For example following on from our Memorandum of Understanding with HCC, and our just released Statement of Intent, the CFT strategic plan will be launched in the next few weeks. It will clearly show how our Trust fits in with Council's wider strategic vision for the city.

We are fortunate to have a cohesive and committed Board of Trustees. In the last 12 months Councilor Ken Laban has moved to the regional council allowing the appointment of Councillor Max Shierlaw. Additionally the appointment of Paul Blacker to a role within HCC has necessitated his standing down from the Trust. I thank both Ken and Paul for their efforts in helping to establish the Trust and I know they will continue to champion our cause. In turn, I welcome the appointments of Sumati Govind and Max Flowers as replacement trustees. Sumati and Max will join the trust in September 2014 and bring financial, investment, business and community skills that will further enhance our collective skill set. Welcome.

We can reflect on pleasing progress over the last year but we have a busy 12 months ahead. The Trust is excited by the projects we are working on and we are well placed to deliver some fantastic, world class facilities over the next few years.



Alister Skene
Chairperson
Hutt City Community Facilities Trust



MILESTONES

Achievements through 2013/14:

1. Approximately \$2 million has been raised for the Taita Sports and Community Centre, which, combined with Council investment, enables the tender process to commence.
2. Agreement for the ownership of the existing Walter Nash Stadium and surrounding community facilities to be passed to CFT. This is an important milestone which enables the project to proceed.
3. A Trust led Project Control Group approves Hawkins Construction Ltd as the successful contractor. A completion date of August 2015 is established.
4. The Trust establishes a Project Control Group for the Fraser Park Sportville Complex. The project is split into three manageable phases, is re-calibrated with a corresponding delivery timeframe established. A Revenue Generation Strategy is drafted. The CFT leads the way with stakeholder and community consultation.
5. Fundraising for phase 1 (artificial turf, new softball diamonds, and associated ground works) commences. Increased funding from HCC is confirmed. Phase 1 is tendered and a contractor appointed. Work to commence in September 2014.
6. Planning continues for phase 2 (new multi-purpose clubrooms). RFP issued to engender a competitive design process. CFT successfully achieves greater budget commitment from HCC as part of annual plan for Fraser Park increasing total capital contribution to \$12m.
7. Council endorses CFT redevelopment plan for Walter Mildenhall Park in Naenae underpinned by the Regional Bowls Centre. \$2.250m allocated over next two financial years.
8. CFT receives third party funding to progress RBC concept design and preliminary assessment. Key stakeholder clubs sign up to the proposal.
9. Hutt City Council confirms \$2m funding for a community hub in Stokes Valley. CFT will project manage.
10. The CFT establishes internal structures, builds capacity and appoints Peter Healy as its first General Manager.

CURRENT PROJECTS

TAITA SPORT AND COMMUNITY CENTRE: COMBINES SPORT, EVENTS, EDUCATION AND COMMUNITY

The Taita Sport and Community Centre will cater for 4500 netballers, 1500 basketballers and 2000 other sport users as well as 7000 library users. It will be a multi-use, multi-purpose facility and long term strategic asset for the city and region.



FRASER PARK SPORTSVILLE: THE HEART OF HUTT VALLEY SPORT

Fraser Park Sportsville will be a home for Hutt Valley rugby, football, hockey, squash, cricket and softball as well as a centre for significant regional, national and international events. A new indoor training facility, combined with gym space and squash courts, changing rooms, meeting and sports administration, fitness, leisure and social spaces will connect with new playing fields and surfaces. In short, a world class, integrated community sports complex.



WELLINGTON REGIONAL BOWLS CENTRE: A CENTRE OF EXCELLENCE AND A CATALYST FOR CHANGE



A world class bowls facility that is made possible by a proactive sport combining and consolidating resources at one venue. With the added value of providing the necessary catalyst to makeover a run-down community park and turn it into a cohesive sports hub, when linked with other neighbouring sports and leisure facilities.

STOKES VALLEY COMMUNITY HUB:

A new social and community heart in this iconic valley suburb, delivering a range of social and community services in an integrated facility.

STATEMENT OF SERVICE PERFORMANCE

The Hutt City Community Facilities Trust was established by Hutt City Council (HCC) in August 2012 as a Council Controlled Organisation to promote, develop, own, operate, and maintain recreational, leisure, and community facilities in Hutt City. Over the next 20 years, a number of facilities in Hutt City will have to be upgraded or replaced. Changing preferences in the community for the way recreation, leisure, and community services are delivered led HCC to adopt an integrated facilities approach to new developments, which will allow for a range of services to be accessed in one place. The Taita Sport and Community Centre and Fraser Park Sportsville are upcoming developments that will follow the integrated facilities model.

PERFORMANCE AGAINST OBJECTIVES AND PERFORMANCE TARGETS

Primary Objective

The Trust was established by HCC in August 2012 as a Council Controlled Organisation to promote, develop, own, operate, and maintain recreational, leisure, and community facilities in Hutt City.

Specific Charitable Purposes

The Trust Deed has a range of charitable objectives designed to promote the health and wellbeing of Hutt City's communities. These objectives are to:

- Promote, operate, develop, and maintain community facilities in Hutt City through the management of the interests and rights relating to these facilities.
- Assist with attracting fundraising from the community and philanthropic organisations for the development of high quality community facilities.
- Provide strategic planning, in partnership with HCC, in relation to the ongoing development and administration of community facilities in Hutt City.
- Provide high quality amenities which attract and engage, promoting the health and well-being of residents of and visitors to Hutt City.
- Practice prudent commercial administration of high quality community, recreation, and leisure facilities, with a view that they will be financially sustainable.

PERFORMANCE TARGETS

Performance Indicator	Measure	Target 2013-14	Achievement
Planning	Develop a strategic plan to guide the work of the CFT over the next three years.	June 2014	Not achieved in timeframe. Draft strategic plan prepared in July and reviewed at Trust meeting on 11 August 2014
Administration	Recruit a General Manager. Ensure appropriate reporting is prepared and available at monthly Trust meetings.	December 2013.	Achieved. GM appointment confirmed at 7 October 2013 Trust meeting.
Financial	CFT operational budget is not exceeded	CFT reports an operating surplus in its Annual Report	Achieved.
Fundraising	<ul style="list-style-type: none"> Taita Sport and Community Centre 	90% of required funding for Taita Centre is available or committed by March 2014	Achieved. \$9m funding plan agreed by Council (including approval for a loan of up to \$3m). Sponsors committed \$2,029,595m.
	<ul style="list-style-type: none"> Fraser Park Sportsville Complex 	A fundraising plan for Fraser Park Sportsville is finalised by December 2013	Achieved. Plan prepared July 2013.
	<ul style="list-style-type: none"> Regional Bowls Centre 	A fundraising plan for the proposed regional bowls facility is completed by March 2014	Achieved. CFT promoted fundraising plan centred on sale of Council land to fund majority of project.
Project Delivery	<ul style="list-style-type: none"> Taita Sports and Community Centre 	Construction contract approved and contractor appointed by June 2014, budget \$12m	Contractor appointed 26 June 2014. Agreed contract sum within budgeted estimate

Performance Indicator	Measure	Target 2013-14	Achievement
	<ul style="list-style-type: none"> Fraser Park Sportsville Complex 	<p>Project Control Group established by October 2013.</p> <p>Fundraising strategy/plan completed by March 2014</p> <p>Phase 1 tender approved by 30 June, budget \$3m</p>	<p>Achieved. Project Control Group established 27 August 2013.</p> <p>Achieved. Plan prepared July 2013.</p> <p>Achieved. PCG approved PCL contract for Phase 1 on 10 December 2013.</p>
	<ul style="list-style-type: none"> Regional Bowls Centre 	<p>Concept and Preliminary Design completed by 30 June. Club partnership confirmed</p>	<p>Achieved. Stakeholding clubs agreed concept plans and club merger process. Preliminary design work completed May 2014.</p>
Reporting	<ul style="list-style-type: none"> Deliver the six monthly and annual reports to Council in accordance with the LGA 2001, SOI and CFT Trust Deed 	<p>Statement of Intent by 30 June 2014</p> <p>Half yearly report by 1 March 2014</p> <p>Annual Report by 30 September 2014.</p>	<p>Achieved.</p> <p>Achieved.</p> <p>Completed but not within required timeframe.</p>
Vision and Values	<ul style="list-style-type: none"> Trustees to agree on a common vision and values for the CFT 	<p>December 2013</p>	<p>Not achieved in timeframe, but strategic plan incorporating agreed vision and values prepared July 2014.</p>

Independent Auditor's Report

To the readers of Hutt City Community Facilities Trust's financial statements and statement of service performance for the year ended 30 June 2014

The Auditor-General is the auditor of Hutt City Community Facilities Trust (the Trust). 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 and statement of service performance of the Trust on her behalf.

We have audited:

- the financial statements of the Trust on pages 13 to 29, that comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity 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; and
- the statement of service performance of the Trust on pages 6 to 8.

Opinion

In our opinion:

- the financial statements of the Trust on pages 13 to 29:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the Trust's:
 - financial position as at 30 June 2014; and
 - financial performance and cash flows for the year ended on that date; and
- the statement of service performance of the Trust on pages 6 to 8:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the Trust's service performance achievements measured against the performance targets adopted for the year ended 30 June 2014.

Our audit was completed on 30 September 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Trust's financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control 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 Trust's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. Also we did not evaluate the security and controls over the electronic publication of the financial statements and statement of service performance.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board

The Board is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the Trust's financial position, financial performance and cash flows; and
- fairly reflect its service performance achievements.

The Board is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the publication of the financial statements and statement of service performance, whether in printed or electronic form.

The Board's responsibilities arise from the Local Government Act 2002 and other relevant Act or document (such as a Trust Deed).

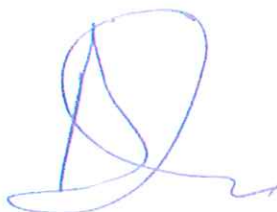
Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001, other relevant Act or document (such as a Trust Deed) and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Trust.


A handwritten signature in blue ink, appearing to read 'Andy Burns'.

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

FINANCIAL STATEMENTS

Statement of Compliance and Responsibility

The Board of the Hutt City Community Facilities Trust confirms that all statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.

A blue ink signature of Alistair Skene, consisting of a series of loops and a long horizontal stroke.

Alistair Skene
Chairperson

30 September 2014

A blue ink signature of Andrew Leslie, featuring a stylized 'A' and 'L'.

Andrew Leslie
Trustee

30 September 2014

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014				
	Notes	Actual 2014	Budget 2014	Actual 2013
INCOME				
Grants	2	311,124	5,125,000	78,837
Finance revenue	3	14,461	-	162
Vested assets		-	2,752,000	-
Other revenue		-	-	-
Total revenue		325,585	7,877,000	78,999
EXPENDITURE				
Employee costs	4	66,486	110,000	-
Operating costs	5	222,305	140,000	18,886
Finance costs	3	26	-	-
Depreciation and amortisation	8	1,189	184,000	176
Total expenditure		290,006	434,000	19,062
Surplus before tax		35,579	7,443,000	59,937
Income tax expense		-	-	-
SURPLUS AFTER TAX		35,579	7,443,000	59,937
OTHER COMPREHENSIVE INCOME				
Gain on property revaluation		-	-	-
Tax on property revaluations		-	-	-
Financial assets at fair value through other comprehensive income		-	-	-
Total other comprehensive income		-	-	-
TOTAL COMPREHENSIVE INCOME		35,579	7,443,000	59,937
Explanations of major variance against budget are detailed in note 23				
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014				
		Actual 2014	Budget 2014	Actual 2013
Balance at 1 July		60,037	194,000	-
Accumulated funds		35,579	7,443,000	59,937
Contribution from Hutt City Council		-	-	100
Balance at 30 June	13	95,616	7,637,000	60,037
The accompanying notes form an integral part of these financial statements.				

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Notes	Actual 2014	Budget 2014	Actual 2013
EQUITY				
Accumulated funds	13	95,616	7,637,000	60,037
Share capital		-	-	-
TOTAL EQUITY		95,616	7,637,000	60,037
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	6	929,493	2,569,000	194,807
Debtors and other receivables	7	59,331	875,000	22,169
Total current assets		987,824	3,444,000	216,975
NON-CURRENT ASSETS				
Property, plant and equipment	8	28,367	5,068,000	29,556
Intangible assets	9	-	-	-
Assets under construction		372,587	-	112,667
Total non-current assets		400,954	5,068,000	142,223
TOTAL ASSETS		1,388,778	8,512,000	359,197
CURRENT LIABILITIES				
Borrowings		-	-	-
Trade and other payables	10	1,200,758	874,000	160,000
Employee entitlements	11	1,587	1,000	-
Other liabilities	12	90,817	-	139,161
Total current liabilities		1,293,162	875,000	299,161
NON-CURRENT LIABILITIES				
Borrowings - non current		-	-	-
Total non-current liabilities		-	-	-
TOTAL LIABILITIES		1,293,162	875,000	299,161
NET ASSETS	13	95,616	7,637,000	60,037

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE 12 MONTHS ENDED 30 JUNE 2014

	Notes	Actual 2014	Budget 2014	Actual 2013
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Cash was provided from:</i>				
Receipts from grants		1,361,682	4,250,000	228,837
Receipts from user charges and other income		-	-	-
Interest received		14,381	-	162
Goods and Services Tax received		-	-	-
		1,376,263	4,250,000	228,999
<i>Cash was applied to:</i>				
Payments to employees		(64,899)	(110,000)	-
Payments to suppliers		(144,633)	(140,000)	-
Interest paid		(26)	-	-
Goods and Services Tax paid		(58,251)	-	(16,460)
		(267,809)	(250,000)	(16,460)
Net cash flows from operating activities	14	1,108,454	4,000,000	212,539
CASH FLOWS FROM INVESTING ACTIVITIES				
<i>Cash was provided from:</i>				
Sale of assets held for sale		-	-	-
		-	-	-
<i>Cash was applied to:</i>				
Purchase of property, plant and equipment		-	(1,625,000)	(29,732)
Purchase of intangible assets		-	-	-
Purchase assets under construction		(298,909)	-	(80,000)
		(298,909)	(1,625,000)	(109,732)
Net cash flows from investing activities		(298,909)	(1,625,000)	(109,732)
CASH FLOWS FROM FINANCING ACTIVITIES				
<i>Cash was provided from:</i>				
Proceeds from borrowings - Hult City Council		-	-	91,900
Contribution from Hult City Council		-	-	100
		-	-	92,000
<i>Cash was applied to:</i>				
Repayment of borrowings - Hult City Council		(74,859)	-	-
		(74,859)	-	-
Net cash flows from financing activities		(74,859)	-	92,000
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		734,686	2,375,000	194,807
Cash, cash equivalents and bank overdrafts at the beginning of the year		194,807	194,000	-
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR		929,493	2,569,000	194,807
<i>Cash balance at end of the year comprises:</i>				
Cash and on call deposits		929,493	2,569,000	194,807
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT THE END OF THE YEAR		929,493	2,569,000	194,807

The accompanying notes form an integral part of these financial statements.

Statement of Accounting Policies

Hutt City Community Facilities Trust (the Trust) is a council controlled organisation 100 percent owned by the Hutt City Council.

The financial statements are prepared in accordance with the Charitable Trust Act 1957 and the local Government Act 2002. The Trust is a Charitable Trust incorporated under the Charities Act 2005 on 1 August 2012, registration 2563442. The primary objective of the Trust is to promote the effective and efficient provision, development and operation of community facilities throughout Hutt City and in particular develop and operate facilities, provide high quality amenities, and prudent commercial administration.

The Trust is designated as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Trust are for the 12 months ended 30 June 2014. The financial statements were authorised for issue by the Trustees on the 30 September 2014.

BASIS OF PREPARATION

Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with NZIFRS and other applicable Financial Reporting Standards, as appropriate for public benefit entities that apply for differential reporting concessions.

Measurement base

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

The financial statements have been prepared on an historical cost basis.

Functional and presentation currency

The financial statements are presented in New Zealand dollars. The functional currency of the Trust is in New Zealand dollars. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Statement of Comprehensive Income.

The Trust qualifies for differential reporting exemptions as they are not publicly accountable and there is no separation between the owners and the governing body. The Trust has taken advantage of all available differential reporting exemptions except for:

- the exemption under NZIAS 7 Cash flow Statements for preparing a cash flow statement; and
- certain disclosure exemptions.

Changes in accounting policies

As these are the Trust's first set of financial statements for a full year, there have been no changes in accounting policies.

SIGNIFICANT ACCOUNTING POLICES

Revenue

Revenue is measured at the fair value of consideration received.

Grants

Grants are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure are fulfilled.

Interest

Interest income is recognised using the effective interest method.

Taxation

As a Charitable Trust, the Trust meets requirements for exemption from income tax and accordingly no provision for income tax is recorded in the financial statements.

Good and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IR) is included as part of receivables or payables in the Statement of Financial Position.

Funding Commitments

Funding commitments are recognised as a liability and asset until such time that the community facility development is undertaken. At this time it will be recognised as revenue.

Cash and cash equivalents

Cash and cash equivalents includes 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.

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Property, plant and equipment

Additions

Expenditure of a capital nature of \$500 or more has been capitalised. Expenditure of less than \$500 has been charged to operating expenditure. 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.

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 recognised in the Statement of Comprehensive Income.

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.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment at rates that will write off the cost (valuation) of the assets to their estimated residual values over their useful lives. The straight line depreciation rates are as follows:

<i>Estimated economic lives</i>	<i>Years</i>	<i>Rate</i>
Plant and equipment	11-25	4% - 8.5%

The residual value and useful life of an asset is reviewed and adjusted if applicable at each financial year.

Impairment of non-financial assets

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an asset's carrying amount

exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the Statement of Comprehensive Income.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Leased assets

Operating Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under these leases are expensed in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Income as an integral part of the total lease payment.

Financial instruments

The Trust is party to financial instrument arrangements as part of its normal operation. Revenue and expenses in relation to all financial instruments are recognised in the Statement of Comprehensive Income.

All financial instruments are recognised in the Statement of Financial Position on the basis of the Trust's accounting policies. All financial instruments disclosed on the Statement of Financial Position are recorded at fair value other than those specifically identified in the Notes to the financial statements.

Budget figures

The budget figures are those approved by the Trustees at the beginning of the year. The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by the Trustees for the preparation of the financial statements.

Impairment of non-financial assets

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the Statement of Comprehensive Income.

Critical accounting estimates and assumptions

In preparing these financial statements, the Trust has made estimates and assumptions 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.

NOTES TO THE FINANCIAL STATEMENTS

2. GRANTS	2014	2013
Grants	311,124	78,837
Total grants	311,124	78,837

During the year grants have been received from:

Hutt City Council	250,000	-
Bluegrass Holdings Limited	-	50,000
Pub Charity	-	28,837
Other grants	61,124	-
Total grants	311,124	78,837

3. FINANCE REVENUE AND FINANCE COSTS	2014	2013
Finance revenue		
Interest revenue		
- call and term deposits	14,461	162
- related party deposits	-	-
Total finance revenue	14,461	162
Finance costs		
Interest expense		
- call and term loans	26	-
- related party loans	-	-
Total finance cost	26	-
Net finance revenue/(costs)	14,435	162

4. EMPLOYEE COSTS	2014	2013
Salaries and wages	62,471	-
Other employee costs	2,428	-
Increase/(decrease) in employee entitlements/liabilities	1,587	-
Total employee costs	66,486	-

5. OPERATING COSTS	2014	2013
Auditors' fees for the audit of the financial statements	6,840	5,000
Directors' fees	10,730	8,247
Legal services	1,590	-
Other specialist services	168,310	3,749
Other expenses	34,834	1,890
Total operating costs	222,305	18,886

6. CASH AND CASH EQUIVALENTS	2014	2013
Cash at bank and on hand	29,493	194,807
Term deposits with maturities less than three months	900,000	-
Cash and cash equivalents	929,493	194,807

The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value.

Cash, cash equivalent and bank overdrafts include the following for the purposes of the statement of cash flows.

	2014	2013
Cash at bank and on hand	29,493	194,807
Term deposits with maturities less than three months	900,000	-
Bank overdrafts	-	-
Total	929,493	194,807

NOTES TO THE FINANCIAL STATEMENTS

7. DEBTORS AND OTHER RECEIVABLES

	2014	2013
GST receivable	58,251	22,168
Other receivables:		
- Other receivables	80	-
Gross debtors and other receivables	58,331	22,168
Less provision for impairment	-	-
TOTAL DEBTORS AND OTHER RECEIVABLES	58,331	22,168

Fair value

Debtors and other receivables are non-interest bearing and receipts is normally on 30-day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

Impairment

The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated is \$nil (2013: \$nil)

The status of receivables as at 30 June are detailed below:

	2014			2013		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	58,331	-	58,331	22,168	-	22,168
Past due 1-30 days	-	-	-	-	-	-
Past due 31-60 days	-	-	-	-	-	-
Past due >60 days	-	-	-	-	-	-
Total	58,331	-	58,331	22,168	-	22,168

At 30 June 2013 the Trust held no assets as collateral. No other collateral as security or other credit enhancements over receivables that are either past due or impaired.

NOTES TO THE FINANCIAL STATEMENTS

8. PROPERTY, PLANT AND EQUIPMENT

Movements for each class of property, plant and equipment are as follows:

2014	Opening			Movements during the year		Closing		
	Cost/ valuation	Accumulated depreciation	Carrying amount	Additions	Depreciation	Cost/ valuation	Accumulated depreciation	Carrying amount
Operational assets								
Buildings	-	-	-	-	-	-	-	0
Plant and equipment	29,732	(176)	29,556	-	(1,189)	29,732	(1,365)	28,367
Total operational assets	29,732	(176)	29,556	-	(1,189)	29,732	(1,365)	28,367

2013	Opening			Movements during the year		Closing		
	Cost/ valuation	Accumulated depreciation	Carrying amount	Additions	Depreciation	Cost/ valuation	Accumulated depreciation	Carrying amount
Operational assets								
Buildings	-	-	-	-	-	-	-	-
Plant and equipment	-	-	-	29,732	(176)	29,732	(176)	29,556
Total operational assets	-	-	-	29,732	(176)	29,732	(176)	29,556

VALUATION

Assets held by the Trust are recorded at actual cost.

NOTES TO THE FINANCIAL STATEMENTS

10. TRADE AND OTHER PAYABLES

	2014	2013
Grants in advance	1,200,758	150,000
Accrued expenses		5,000
	1,200,758	155,000

Creditors and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of creditors and other payables approximate their fair value.

11. EMPLOYEE ENTITLEMENTS

	2014	2013
CURRENT PORTION		
Annual leave	1,587	-
Total employee entitlements - current portion	1,587	-
TOTAL EMPLOYEE ENTITLEMENTS	1,587	-

12. OTHER LIABILITIES

	2014	2013
CURRENT PORTION		
Related parties accrued expenses	73,776	52,261
Due to related parties (refer to note 18)	17,041	91,900
Total other liabilities - current portion	90,817	144,161
TOTAL OTHER LIABILITIES	90,817	144,161

13. EQUITY

	2014	2013
TRUST FUNDS		
Balance at beginning of the year	60,037	-
New Trust fund contributions	-	100
Net surplus/(deficit) after tax	35,579	59,937
BALANCE AT END OF THE YEAR	95,616	60,037
TOTAL EQUITY		
Balance at beginning of the year	60,037	-
Movements during the year	35,579	60,037
BALANCE AT END OF THE YEAR	95,616	60,037

14. RECONCILIATION OF SURPLUS AFTER TAX WITH CASH FLOWS FROM OPERATING ACTIVITIES

	2014	2013
SURPLUS AFTER TAX	35,579	59,937
<i>Add/(less) non-cash items:</i>		
Depreciation	1,189	176
Vested assets	-	-
<i>Add/(less) movements in working capital:</i>		
(Increase)/decrease in accounts receivable	(36,163)	(22,168)
Increase/(decrease) in employee entitlements	1,587	-
Increase/(decrease) in trade payables	1,050,758	155,000
Increase/(decrease) in related party payables	(58,344)	52,261
<i>Add/(less) movements in investing activities:</i>	113,847	(32,667)
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,108,454	212,539

NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS

15A. CATEGORIES OF FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

Loans and receivables

Cash and cash equivalents

Debtors and other receivables

Other financial assets:

- loans to related parties

Total financial assets

	2014	2013
Cash and cash equivalents	29,493	194,807
Debtors and other receivables	58,331	22,168
Other financial assets:		
- loans to related parties	-	-
Total financial assets	87,824	216,975

FINANCIAL LIABILITIES

Financial liabilities at amortised cost

Trade and other payables

Total financial liabilities at amortised cost

Trade and other payables	1,200,758	155,000
Total financial liabilities at amortised cost	1,200,758	155,000

15B. FINANCIAL INSTRUMENTS RISKS

The Trust has a series of policies to manage the risks associated with financial instruments. The Trust is risk averse and seeks to minimise exposures from its treasury activities. The Trust has established Trust approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

MARKET RISK

Price risk

The Trust has a series of policies to manage the risks associated with financial instruments and is risk averse and seeks to minimise exposure from its treasury activities. The Trust does not allow transactions that are speculative in nature to be entered into.

Currency risk

Currency risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate due to changes in foreign exchange rates. As at 30 June 2014 the Trust does not have any foreign currency risk (2013: \$nil).

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose the Trust to fair value interest rate risk.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows of a financial instrument will fluctuate because of changes in market interest rates. Borrowing and investments issued at variable interest rates expose the Trust to cash flow interest rate risk.

CREDIT RISK

Credit risk is the risk that a third party will default on its obligation to the Trust, causing the Trust to incur a loss. Due to the timing of its cash flows and outflows, the Trust at times invests surplus cash into bank and term deposits which gives rise to credit risk.

The Trust investment policy limits the amount of credit exposure to any one financial institution or organisation. The Trust only invest funds with entities that have a Standard and Poor's credit rating of at least A- for short term and A- for long-term investments.

The trust has no collateral or other credit enhancements for financial instruments the give rise to credit risk.

Financial instruments which potentially subject the Trust to credit risk principally consist of cash and/or cash equivalents, trade and other receivables.

The maximum exposure to credit risk:

	2014	2013
Cash, cash equivalents and term loans	929,493	194,807
Debtors and other receivables	58,331	22,168
Other assets	-	-
Total credit risk	987,824	216,975

The maximum exposures shown above are net of any recognised provisions for losses on these financial instruments.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

NOTES TO THE FINANCIAL STATEMENTS

COUNTERPARTIES WITH CREDIT RATINGS

Cash at bank and term loans

	2014	2013
AA	929,493	194,807
Total cash at bank and term loans	929,493	194,807

Debtors and other receivables mainly arise from the Trust's revenue functions. The Trust has two significant concentrations of credit risk in relation to debtors and other receivables.

LIQUIDITY RISK

Management of liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, and the availability of committed funding to meet day to day needs.

Contractual maturity analysis of financial liabilities

The table below analyses the Trusts financial liabilities into the relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt is based in the floating rate on the instrument at balance date. The amounts disclosed are contractual undiscounted cash flows. Financial guarantees are included in the time band containing the earliest date they can be called upon.

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1-3 years	Between 3-5 years	Greater than 5 years
2014						
Creditors and other payables	1,200,758	1,200,758	1,200,758	-	-	-
Other liabilities	90,817	90,817	90,817	-	-	-
Total	1,291,575	1,291,575	1,291,575	-	-	-

2013						
Creditors and other payables	155,000	155,000	155,000	-	-	-
Other liabilities	144,161	144,161	144,161	-	-	-
Total	299,161	299,161	299,161	-	-	-

Contractual maturity analysis of financial assets

The table below analyses the Trusts financial assets into the relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1-3 years	Between 3-5 years	Greater than 5 years
2014						
Cash and cash equivalents	29,493	29,493	29,493	-	-	-
Debtors and other receivables	58,331	58,331	58,331	-	-	-
Total	87,824	87,824	87,824	-	-	-

2013						
Cash and cash equivalents	194,807	194,807	194,807	-	-	-
Debtors and other receivables	22,168	22,168	22,168	-	-	-
Total	216,975	216,975	216,975	-	-	-

Sensitivity analysis

The tables below illustrate the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on the Trust's financial instrument exposure at balance date.

Note	2014				2013			
	Profit	-100bps Other Equity	Profit	+100bps Other Equity	Profit	-100bps Other Equity	Profit	+100bps Other Equity
INTEREST RATE RISK								
Financial Assets								
Cash and cash equivalents	(295)	-	295	-	(1,948)	-	1,948	-
Financial liabilities								
Borrowing:								
- Loan from HCC	0	-	0	-	0	-	0	-
Total sensitivity to interest rate risk	(295)	-	295	-	(1,948)	-	1,948	-

Explanation of sensitivity analysis

A movement in interest rates of plus or minus 1% has an effect of \$295 (2013: \$1,948) on the investment income earned by the cash and cash equivalents

NOTES TO THE FINANCIAL STATEMENTS

16. REMUNERATION

	2013				2013			
	Salary	Short term benefits	Post employment benefits	Total Remuneration	Salary	Short term benefits	Post employment benefits	Total Remuneration
Trust Manager	58,347	1,660	-	60,007	-	-	-	-

Key management personnel compensation

Key management personnel consist of the Trustees members.

	2014	2013
Salaries	-	-
Short term benefits	-	-
Post employment benefits	-	-
Total Remuneration	-	-

Remuneration of Trustees Members (from August 2012)

	2014	2013
Alister Skene	10,730	8,247
David Butler	-	-
Paul Blacker	-	-
David Butler	-	-
Ken Laban	-	-
Andrew Leslie	-	-
Kirsten Patterson	-	-
Total	10,730	8,247

Employee Remuneration

Total remuneration paid or payable

Greater than \$100,000

Total Employees

2014	2013
-	-
-	-

Severance Payments

No severance payments were made by the Trust during the year, (2013, \$nil).

17. INTEREST REGISTER

Alister Skene (Chairman)	Managing Director, Cascade Consulting Limited Contractor (Property Manager), Pelorus Trust Trust Manager, Prime Community Trust
Paul Blacker (to 2 December 2013)	National Finance and Performance Manager, Inland Revenue Department
David Butler	Partner, Gillespie Young Watson Trustee, Trentham Community Trust Trustee, Pike River Memorial Scholarship Trust President, Wellington Racing Club Board Member, RACE Incorporated
Ken Laban (to 12 October 2013)	Councillor, Hutt City Council Board Member, Hutt Valley District Health Board
Max Shierlaw (from 13 October 2013)	Trustee, Vibe (Hutt Valley Youth Health Services)
Andrew Leslie	Trustee, Halberg Trust Trustee, NZ Rugby Foundation Trustee, Pelorus Trust Owner, Scott & Leslie Ltd Director, Leslie Drain Cleaning Advisor, Whimmet Sports Travel
Kirsten Patterson	Chief Operating Officer, Institute of Chartered Accountants of NZ Board Member, Wellington / Wairarapa Puket Area Board President, Lower Hutt Puket

NOTES TO THE FINANCIAL STATEMENTS

18. RELATED PARTIES DISCLOSURES

The Trust had the following material transactions:

Related party transactions with parent company and with associates.

For the year ended 30 June 2014, Hull City Council provided an operating grant of \$250,000 (2013: Nil).

During the year the Trust received \$1,000,758 in grants from the Pelorus Trust, which Andrew Leslie is a Trustee (2013: \$150,000).

19. CAPITAL COMMITMENTS AND OPERATING LEASES

CAPITAL COMMITMENTS

The Trust had \$nil commitments for capital expenditure as at 30 June 2014 (2013: \$nil).

20. CONTINGENT LIABILITIES AND ASSETS

Contingent Assets

As at 30 June 2014 the Trust had no contingent assets (2013: \$nil).

Contingent liabilities

As at 30 June 2014 the Trust had no contingent liabilities (2013: \$nil).

21. CAPITAL MANAGEMENT

The statement of intent requires the Board of Trustees to manage revenues, expenses, assets, liabilities, investments and general financial dealings prudently. The Trust's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities and general financial dealings.

The objective of managing the Trust's equity is to ensure it effectively achieves its objectives and purpose whilst remaining a going concern.

22. CHANGES IN BUSINESS OF TRUST

During the year ended 30 June 2014 there were no changes in the nature of business of the Trust.

NOTES TO THE FINANCIAL STATEMENTS

23. MAJOR BUDGET VARIATIONS

Explanations for major variations from Trust's budgeted figures are as follows:

Statement of Comprehensive Income

The surplus after tax was \$35,579 for the year ended 30 June 2014 (2013: \$59,973). This was \$7.407m below budget.

The Trust commenced its first real year of operation with the appointment of the CEO on 14 October 2013.

Income: Income is under budget by \$7.562m. Unplanned income from investments on call was \$14,461. The Taita Centre was not vested to the Trust as planned until 2014/15, \$2.752m. Hutt City Council's contribution towards the capital development of the new Taita Centre and Fraser Park have not been recognised in 2013-14 as planned, \$2.5m.

The table below shows a breakdown of the income streams:

	Actual \$	Budget \$
Operational Income	250,000	250,000
Vested Asset	-	2,752,000
Regional Bowls	51,000	38,336
Other capital Funding	-	2,336,664
HCC Contribution to Capital Funding: Taita Centre	-	1,500,000
HCC Contribution to Capital Funding: Fraser Park	-	1,000,000
Finance revenue	14,461	-
	315,461	7,877,000
	Underspend Against Budget:	7,561,539

Employee Costs: Under budget due to CEO not commencing in role until mid October 2013.

Operating Costs: Over budget by \$83k, largely due to work on various capital related projects.

Depreciation Charge: Under budget due to vesting of old Taita Centre in 2014/15 and not 2013/14 as originally planned.

Statement of Financial Position

Total assets are lower largely due to delays in the planned capitalisation of assets, coupled with lower cash and debtors.

Total liabilities are higher largely due to higher receipts in advance than originally planned.

Funding received during 2013/14 but not recognised as income:

	Actual \$
Taita Sport & Community Centre	1,150,758
Fraser Park	50,000
Receipts in Advance:	1,200,758

Net Assets are lower than budget due to a smaller surplus than otherwise planned for the year.

Statement of Cash Flows

Cash from operating activities was positive for the year due to lower than planned outflows.

Cash from investing activities reflects entirely the spend on assets under construction, principally the Taita Centre Development and to a lesser extent Fraser Park Sportville.

Cash from financing activities reflects entirely the repayment of the intra-company balance.

24. EVENTS AFTER THE BALANCE SHEET DATE

The Walter Nash Stadium and associated land was transferred from Hutt City to the Trust in July (2014), valued at \$3,164,800

25. STATUTORY DEADLINE FOR PUBLISHING THE ANNUAL REPORT

In accordance with section 67 of the Local Government Act 2002, the annual report is required to be published within 3 months of balance date.

