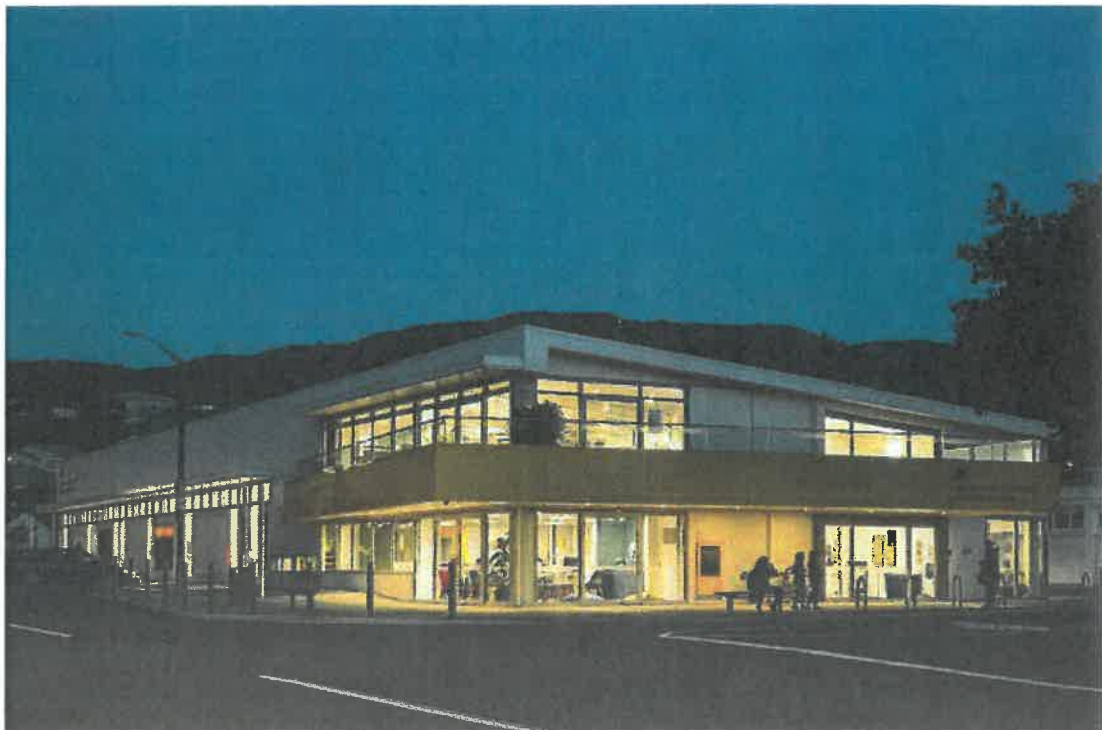


HUTT CITY COMMUNITY FACILITIES TRUST

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018



Koraunui Stokes Valley Community Hub. (Photo courtesy Jason Mann Photography)

FROM THE CHAIR

I am delighted to report on the activities of the Hutt City Community Facilities Trust (CFT) for the financial year ending 30 June 2018.

The Trust has come a long way in a short time. We have taken the lead in five strategic infrastructure developments in our city. Four of the projects are complete and the largest at Fraser Park will be completed in the summer of 2018/19. We have made tremendous progress this year, and at one stage were project-managing the construction of three projects worth a total of \$26 million. This investment in Hutt City was large enough to stimulate economic activity and employment as the CFT embraces the challenge to be an integral part of the rejuvenation of Hutt City.

We are now extremely well placed to take on additional facility projects, such as Wainuiomata Sportville, the proposed Gymnasium complex at Fraser Park, and the Naenae community hub. The CFT is developing a reputation that it is a safe pair of hands for Council, proving that we can deliver world class facilities that our communities love. We work collaboratively with our consulting and construction teams to deliver great buildings. We make no apology for being financially prudent and demanding value for money, because, after all, we are investing ratepayer and community raised funds. We value the partnerships we have with our funders, whether they are community trusts, corporate supporters, local businesses, sports clubs, families or individuals who share our vision of creating wonderful places for people to play sport, learn, engage and celebrate. The CFT will continue to work hard to recognise your contributions and demonstrate to the wider community what a difference our partners make to the overall project.

Walter Mildenhall Park Redevelopment

The CFT this year completed this project, which includes the construction of a world class indoor bowls arena, new clubrooms, renovated public tennis courts, a new community petanque piste, public parking, safety and lighting improvements, and general park rejuvenation and landscaping. The clubrooms have been handed over to the Naenae Bowling Club which recently merged with the Park Avenue Bowling Club and the Naenae RSA. In addition, several other clubs and associations are now associated with the new facility encompassing the sports of indoor bowls, darts, petanque, badminton and others. The new facility has been constructed by Hawkins NI Ltd, in association with Tennent and Brown, architects. The result is a stunning sports and community building at the heart of a rejuvenated facilities precinct. Through the use of a translucent, tension membrane fabric roof system, we have produced a strong, flexible and lightweight design which has reduced building mass and cost. Over the life of the facility this should create significant operational savings.

Fraser Park Development

This year has seen real progress on what may be argued as the most significant sports hub development in the Wellington region. In June 2017 Armstrong Downes Ltd moved onto site and started building and as

at the close of this reporting period the building is 60% complete. Construction will be completed by December 2018 or January 2019. As our largest undertaking, Fraser Park has been the primary focus for the Trust over the past year.

To help part fund our projects the CFT has had a focus on engaging with the local community, businesses, sports clubs and the corporate market. We raised \$12.4m by 30 June 2018 (including Council's capital contribution) but we still have to raise \$620,000 in the year ahead to enable us to complete every element of the project. I'm positive we will be successful as we have a great story to tell and a tremendous venue to showcase our business partnerships. We predict 1,000,000 visitors per year will pass through the new hub, so who wouldn't want to be part of that opportunity?

Once complete we will have a magnificent multi-sport, multi-use community hub that will truly do justice to Hutt City's largest sports ground. It will provide our city and region the opportunity to host regional, national and even international level events. Aside from the recreational, social and health benefits, if we do this right, the economic benefits for our city will be substantial. Our sports facility rejuvenation programme can provide us with a powerful narrative that Hutt City is *the* place to host tournament play. With our central location, established transport connections, abundance of accommodation and associated services, now linked with a modern suite of sports facilities we will be able to market ourselves like never before.

Stokes Valley Community Hub

The CFT in partnership with Council completed the new \$6.5m community hub and library in Stokes Valley. A combined CFT/Council Project Control Group, working in conjunction with Council officers, project-managed the new build on the corner of Bowers Street and Stokes Valley Road. The new multi-use facility replaced the old library and community hall which have been demolished. The new building was opened by CFT and Council in November of 2017.

Exciting Times

As detailed above, we had a lot on in 2017/18 and we expect the year ahead to be just as busy. These are exciting times for Hutt City. We have a vision to develop world class community facilities that contribute to Hutt City being a great place to live, work and play – and with continued hard work we are well on the way to achieving our goal.

As we reflect on the positive changes to our built environment I would like to make comment on the new Trustees, Jessica Andrew, Matt Claridge and Phil Gibbons, who have joined the CFT Board. They have brought new energy and strategic direction and I expect that the CFT will shift more resources into promoting future strategic and "blue sky" projects than we have in the past. It has been an absolute privilege and a pleasure to work this year with all the Board and staff which make up the CFT and the wider network of support we enjoy from the Hutt City Council.

Kirsten Patterson
Chairperson
Hutt City Community Facilities Trust
30 June 2018

MILESTONES

Achievements through 2017/18:

- The CFT Fraser Park stage 1 rugby/football and softball turfs leased to Fraser Park Sportsville (FPS) have been in continuous use throughout the year. FPS turf occupancy rates exceed 95% in peak time.
- Fraser Park stage 2 was tendered and a contract agreed with Armstrong Downes Limited. Work commenced on site in June 2017 and at the close of the 2017/18 year is 60% complete. During the past year the Trust not only project-managed the build but also raised a total of \$3,228,926 from community and business supporters. A highlight of the fundraising was selling the naming rights to RICOH. As a result of the fundraising the gap between the project cost at completion and the available funds is now a modest \$620,593. This deficit will be addressed by the CFT in the 2018/19 year as the building is completed. The project will be delivered later than originally planned because high winds delayed work on the roof. Any sports person who has played at Fraser Park would not be surprised that wind has delayed the build!
- The Walter Nash Centre has performed above expectations and is often at capacity. 70,000 visitors per month is not uncommon. The number of books issued through the library has increased threefold, when compared to the previous building. The CFT maintains the asset and has worked with centre management to tweak the building operating systems to maximise the comfort and safety of staff and visitors. We have also completed a number of improvement projects designed to improve and extend the life of the old Walter Nash building.
- The Regional Bowls Centre and Mildenhall Park Redevelopment was completed during the year and was fully operational by November 2017. The facility is now a nationally significant bowls facility, a hub for a range of sports, and a valuable community asset that is being used by a variety of groups. The Naenae Bowling Club has relocated from Witako Street in Boulcott and is the lead tenant. Club membership has increased from 180 when CFT handed the building over to just on 900, making it the largest bowls club in New Zealand. In February the Centre hosted a New Zealand and Australian Professional Bowls tournament that was televised on Sky NZ and Australia for over 16 hours to very positive reviews. In May the CFT completed the fundraising for the centre by selling naming rights to the indoor green to Ryman Health Care. The indoor Green will now be known as the Ryman Health Care Arena and heralds an exciting partnership between the CFT and Ryman. Land freed up by the bowls club relocation will shortly enable further development of hospital services on the Boulcott precinct.
- The Stokes Valley Community Hub was completed in November 2017 and handed over to the tenant for use. As with other CFT buildings usage and public support for the building showed an immediate leap. As with the Walter Nash Centre, the community and individual use of the community spaces and library increased by a factor of three. The building was completed under budget and on time.
- The CFT currently employs one fulltime and three part time staff. Primarily our staff focus is on project management, building management and maintenance, fundraising and stakeholder engagement.

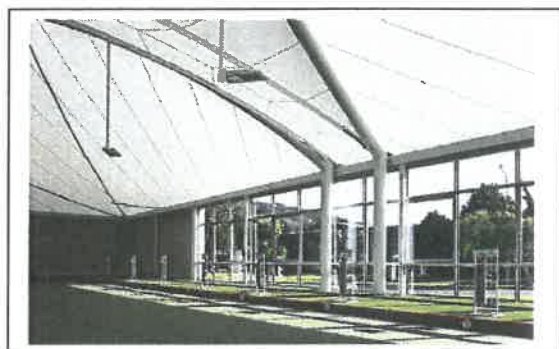
CURRENT PROJECTS

FRASER PARK SPORTS HUB: THE HEART OF HUTT VALLEY SPORT

Fraser Park 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. Stage 1 of this project, the building of the two artificial turfs was completed in March 2015. Stage 2, which is the multipurpose sports hub, began construction in June of 2017. The building will be completed in December 2018 or January 2019.



WALTER MILDENHALL PARK REDEVELOPMENT: 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 make over a run-down community park and turn it into a cohesive sports and community hub, linked with other neighbouring sports and leisure facilities. This project is now completed. The covered playing arena has revolutionised the sport of bowls in this region with the ability to play 365 days a year. New tournaments and competitions are already

increasing the vibrancy and activity in Naenae and the wider city. On any given day in the Wellington region if a bowls event is rained out it now shifts to the CFT facility in Naenae.

STOKES VALLEY COMMUNITY HUB: A GREATER SENSE OF INVOLVEMENT

Work on this multipurpose library and community hub commenced in 2016 and was completed by November 2017. The project was fully funded by HCC. Project governance was overseen by the CFT in conjunction with Council. The building is already interacting with Scott Court and provides a more visible Council presence in the suburb and is enabling a more interactive experience for visitors and locals.



INTEREST REGISTER

Kirsten Patterson	Chief Executive, NZ Institute of Directors Trustee, NZ Rugby Foundation Trustee and Chair, Wellington Women's Homeless Trust Member, Audit & Risk Committee for Te Tumu Paeroa (The Maori Trustee) Executive Chair, Institute of Directors Ltd Board
David Butler	Partner, Gillespie Young Watson (and in addition Trustee for numerous client trusts for which no personal benefit is received) Trustee, Trentham Community Trust Life Member, Wellington Racing Club
Max Flowers	Director, Jamaica Properties Director, Jamaica Investments
Jessica Andrew	Managing Counsel, NZ Transport Agency
Matthew Claridge	Director, Balmain Ltd Executive committee Member, Petone Football Club
Philip Gibbons	CEO, Sport Wellington
Councillor Margaret Cousins	Council appointed representative on CFT Shareholder, Snisouc Holdings Ltd Trustee, SHE Trust (Suffrage Hutt Education)

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 Walter Nash Centre, Fraser Park Sports Hub and Koraunui Stokes Valley are developments that follow the integrated facilities model.

PERFORMANCE AGAINST OBJECTIVES AND PERFORMANCE TARGETS

Primary Objective

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.

KEY PERFORMANCE INDICATORS

Indicator and measure	Target 2017/18	Performance to 30 June 2018	Performance to 30 June 2017
Operational Management:			
Operational expenditure is within budget	100%	Not achieved	Achieved
All reporting requirements set by Council and the Board of CFT are met in accordance with the Local Government Act 2002, the CFT Statement of Intent and the CFT Deed of Trust	Draft Statement of Intent by 1/3/2018	Achieved	Achieved
	Final Statement of Intent by 30 June 2018	Not achieved	Achieved
	Half yearly report by 1/3/2018	Achieved	Achieved
	Annual Report by 30/9/2018	Achieved	Achieved
All CFT construction projects have best practice health and safety plans and monitoring in place	100%	Achieved. CFT receives H&S reports from its main contractor every 10 working days	Not applicable. New measure in 2017/18
Facilities Design and Development:			
All capital expended on design and other consultants is within approved progress project budgets at financial year end	100%	Achieved	Achieved
All capital expenditure on approved projects is at or less than approved budget for each project at financial year end	100%	Achieved. (This is conditional because a final account from the Hawkins Orange Receiver and liquidator has not yet been received)	Achieved
Project Delivery:			
Walter Mildenhall Park development	Facility reaches practical completion 1/7/2017	Not achieved. The facility achieved a Certificate of Practical Completion in November 2017	Facility reaches practical completion 1/12/2016 Not achieved. As a result of a major construction error by the main contractor the project has been delayed by eight months
Fraser Park Sportsville – Stage 2	Facility construction contract unconditional by 1/7/2017 (practical completion 1/12/2018)	Achieved. A contract with Armstrong Downes was signed on 25/5/2017	Facility construction contract confirmed by 30/9/2016 (practical completion 1/12/2017) Not achieved. The contract was let in May 2017 and the building is now under construction
Stokes Valley Community Hub	Deliver the facility for tenant fit-out by 31/12/2017	Achieved. The building was handed over in November 2017	Deliver the facility for tenant fit-out by 30/9/2017 On track

Indicator and measure	Target 2017/18	Performance to 30 June 2018	Performance to 30 June 2017
Facilities Management:			
All facilities maintain legal compliance, WOFs and/or certification	100%. Building Safety upheld	Achieved	Achieved
All facilities are leased within three months of completion.	100%. Legal partnerships are secured with users	Not achieved. The lease for the Naenae Bowls Centre is not yet signed. All other building leases are signed	No facilities completed in the 2016/17 financial year so no result can be reported
All facilities have detailed maintenance plans in place within 12 months of completion.	100%. Maintenance programmes instituted to ensure facilities' amenities values retained and are safe for users	Achieved. 20 year maintenance plans are on file	Achieved. The CFT has in place detailed annual and 20 year maintenance plans for all of its buildings and sporting infrastructure
Fundraising			
Fraser Park Sportville	At least \$1,750,000 pledged before 1/12/2018	Achieved. Total fund-raising reached \$3,228,000 by 30/6/2018. During the 2017/18 year \$2,140,122 was raised	At least \$1.85m pledged before 30/9/2016 Not achieved. A total of \$1,662,000 was pledged by 30 June 2017
Walter Mildenhall Park Development	At least \$150,000 pledged by 30/6/2018	Achieved. Naming rights for the complex were sold to Ryman Health Care in May 2018	At least \$150,000 pledged by 30/11/2016 Not achieved. While \$1,850,000 was pledged by 30 June, the last \$150,000 remains to be raised to meet the agreed fundraising target
CFT achieves 80% or better of the agreed fundraising targets set by Council for each of the agreed projects, within the financial year	At least \$2.544m pledged by 30/6/2018	Not achieved. Total fund-raising for all projects during the year reached \$2,290,122	Achieved. \$1,912,000 was pledged as against the target for the year of \$1,410,000

Independent Auditor's Report

To the readers of the Hutt City Community Facilities Trust's financial statements and performance information for the year ended 30 June 2018

The Auditor-General is the auditor of the Hutt City Community Facilities Trust (the Trust). The Auditor-General has appointed me, Andrew Clark, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Trust on his behalf.

Opinion

We have audited:

- the financial statements of the Trust on pages 14 to 29, that comprise the statement of financial position as at 30 June 2018, the statement of comprehensive revenue and expenses, 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 performance information of the Trust on pages 7 to 9.

In our opinion:

- the financial statements of the Trust on pages 14 to 29:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2018; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Standards Reduced Disclosure Regime; and
- the performance information of the Trust on pages 7 to 9 presents fairly, in all material respects, the Trust's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Trust's objectives for the year ended 30 June 2018.

Our audit was completed on 10 September 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Trustees for the financial statements and the performance information

The Trustees are responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Trustees are also responsible for preparing the performance information for the Trust.

The Trustees are responsible for such internal control as they determine is necessary to enable them to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Trustees intends to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

The Trustees' responsibilities arise from the Local Government Act 2002 and the Trust Deed.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Trust's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

- We evaluate the appropriateness of the reported performance information within the Trust's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trust and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Trustees are responsible for the other information. The other information comprises the information included on pages 2 to 6, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Trustees and the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

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



Andrew Clark
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

FINANCIAL STATEMENTS

Statement of Compliance and Responsibility

The Trustees 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, apart from the requirement outlined in note 21 of this annual report.

Responsibility

The Trustees and management of the Trust accept responsibility for the preparation of the annual Financial Statements and the Statement of Service Performance and the judgements used in them.

The Trustees have authority to sign these financial statements.

The Trustees and management of the Trust accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Trustees and management of the Trust, the annual Financial Statements and the Statement of Service Performance for the year ended 30 June 2018 fairly reflect the financial position and operations of the Trust.

A handwritten signature in blue ink, appearing to read 'K. Patterson', is positioned above the name and title.

Kirsten Patterson
Chairperson

10 September 2018

A handwritten signature in blue ink, appearing to read 'David Butler', is positioned above the name and title.

David Butler
Trustee

10 September 2018

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR ENDED 30 JUNE 2018

	Note	Actual 2018	Budget 2018	Actual 2017
Revenue				
Grants	2	9,490,679	12,307,500	5,506,571
Interest revenue	3	12,403	7,000	18,617
Other revenue		474,693	466,000	404,197
Total revenue		9,977,775	12,780,500	5,929,385
Expenses				
Personnel expenses	4	231,384	251,094	256,529
Operating expenses	5	485,387	393,751	293,166
Asset Write Offs		-	-	552
Finance expenses	3	124,418	117,798	125,700
Depreciation and amortisation	8	593,275	604,542	362,892
Total expenses		1,434,464	1,367,185	1,038,839
Surplus/(Deficit)		8,543,311	11,413,315	4,890,546
Gain / (Loss) on property revaluation		1,377,037	-	-
Total comprehensive revenue and expenses		9,920,348	11,413,315	4,890,546

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Actual 2018	Budget 2018	Actual 2017
Balance at 1 July	24,217,715	27,314,170	19,327,169
Total comprehensive revenue and expenses for the year	9,920,348	11,413,315	4,890,546
Balance at 30 June	34,138,063	38,727,485	24,217,715

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	Actual 2018	Budget 2018	Actual 2017
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	6	1,034,829	1,458,359	736,542
Debtors and other receivables	7	607,611	214,058	353,646
Prepayments		225,417	-	10,755
Total current assets		1,867,857	1,672,417	1,100,943
NON CURRENT ASSETS				
Property, plant and equipment	8	29,044,503	28,273,734	17,033,615
Assets under construction		7,198,275	12,450,000	10,409,236
Total non current assets		36,242,778	40,723,734	27,442,851
Total assets		38,110,635	42,396,151	28,543,794
LIABILITIES				
CURRENT LIABILITIES				
Creditors and other payables	9	960,463	848,874	1,312,386
Employee entitlements	10	6,101	8,392	3,092
Borrowings	12	-	-	3,000,000
Advances from related parties	11	6,008	-	10,601
Total current liabilities		972,572	857,266	4,326,079
NON CURRENT LIABILITIES				
Borrowings	12	3,000,000	2,811,400	-
Total non current liabilities		3,000,000	2,811,400	-
Total liabilities		3,972,572	3,668,666	4,326,079
Net assets		34,138,063	38,727,485	24,217,715
EQUITY				
Accumulated funds		32,722,165	38,625,283	24,217,715
Long term asset replacement and maintenance reserve		38,861	102,202	-
Asset Revaluation reserve		1,377,037	-	-
Total equity attributable to the Community Facilities Trust	13	34,138,063	38,727,485	24,217,715

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Actual 2018	Budget 2018	Actual 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from grants	350,000	350,000	350,000
Receipts from user charges and other income	474,693	12,406,185	404,197
Interest received	12,403	7,000	18,617
Net goods and services tax received	-	4,686	-
	837,096	12,767,871	772,814
Cash was applied to:			
Payments to employees	(228,379)	(251,094)	(261,825)
Payments to suppliers	(632,896)	(393,751)	(300,589)
Interest paid	(124,418)	(117,798)	(125,700)
Net goods and services tax paid	(14,602)	-	(37,403)
	(1,000,295)	(762,643)	(725,517)
Net Cash Inflows/(Outflows) from Operating Activities	(163,199)	12,005,228	47,297
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Other investment receipts	8,901,316	-	5,839,914
Sale of assets held for sale	-	-	-
	8,901,316	-	5,839,914
Cash was applied to:			
Purchase of property, plant and equipment	-	-	(39,593)
Purchase of assets under construction	(8,435,236)	(11,429,988)	(6,738,152)
	(8,435,236)	(11,429,988)	(6,777,745)
Net Cash Inflows/(Outflows) from Investing Activities	466,080	(11,429,988)	(937,831)
Cash was applied to:			
Repayment of borrowings - Hutt City Council	-	-	-
Contribution to Hutt City Council	(4,593)	(21,144)	(21,081)
	(4,593)	(21,144)	(21,081)
NET CASH INFLOWS/(OUTFLOWS) FROM FINANCING ACTIVITIES	(4,593)	(21,144)	(21,081)
Net Increase/(Decrease) In Cash, Cash Equivalents and Bank Overdrafts	298,287	554,096	(911,615)
Cash, Cash Equivalents and Bank Overdrafts at Beginning of Year	736,542	904,263	1,648,157
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT END OF YEAR	1,034,829	1,458,359	736,542

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies

REPORTING ENTITY

Hutt City Community Facilities Trust (the Trust) is a Council Controlled Organisation (CCO), 100 percent owned by Hutt City Council. It is a CCO as defined in section 6 of the Local Government Act 2002.

The financial statements are prepared in accordance with the Charities Act 2005 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 financial reporting purposes.

The financial statements of the Trust are for the year ended 30 June 2018. The financial statements were authorised for issue by the Board of Trustees on 10 September 2018.

BASIS OF PREPARATION

Statement of compliance

These 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 IPSAS and other applicable Financial Reporting Standards, as appropriate for public benefit entities (PBE) that apply Tier 2 PBE accounting standards. As the Trust's total expenses are under \$30,000,000, it has elected to apply Tier 2 PBE accounting standards.

The financial statements have been prepared on a going concern basis, and the accounting policies have been consistently applied throughout the period.

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 a historical cost basis, except for the revaluation of certain classes of property, plant and equipment.

The financial statements are presented in New Zealand dollars. The functional currency of the Trust is 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 Revenue and Expense.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

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.

Revenue

Revenue is measured at the fair value of consideration received.

Grants are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure are fulfilled. Judgement is exercised when recognising grant revenue to determine if conditions of the grant contract have been satisfied. This judgement is based on the facts and circumstances that are evident for each grant contract.

Interest revenue 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.

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.

Property, plant and equipment

Property, plant and equipment consist of the following asset classes: buildings, site improvements, and plant and equipment.

Site improvements and buildings are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses

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.

Assets under construction are recognised at cost less impairment, and are not depreciated.

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 Revenue and Expenses.

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.

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Trust obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

For long lived assets that must be used for a specific use (eg land must be used as a recreation reserve), the Trust immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Trust expects that it will need to return or pass the asset to another party.

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:

Estimated economic lives	Years	Rate
Plant and equipment	3 - 10	33% - 10%
Site improvements	10 - 75	10% - 1.3%
Buildings	65 - 80	1.5% - 1.25%

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

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 recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The total impairment loss is recognised in the Statement of Comprehensive Revenue and Expenses.

Goods and services tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

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

The net GST paid to, or received from, the Inland Revenue Department, including GST relating to investing and financing activities is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Employee entitlements

Short-term employee entitlements

Employee benefits that the Trust expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, and annual leave earned to, but not yet taken at balance date.

The Trust recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Borrowings

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Trust has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

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 Revenue and Expenses on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Revenue and Expenses as an integral part of the total lease payment.

Finance Leases

The Trust has not entered into any material finance leases.

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 Revenue and Expenses.

All financial instruments are recognised in the Statement of Financial Position on the basis of the Trust's accounting policies. All financial instruments disclosed in 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 Board at the beginning of the year. The budget figures have been prepared in accordance with NZ Generally Accepted Accounting Practice (GAAP), using accounting policies that are consistent with those adopted by the Board for the preparation of the financial statements.

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

Estimation of the useful life and residual value of property, plant and equipment

At each balance date, CFT reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates requires CFT to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the CFT, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciable amount of an asset, therefore affecting the depreciation expense recognised in the surplus or deficit and the asset's carrying amount. CFT minimises the risk of this estimation uncertainty by:

- Physical inspection of assets; and,
- Asset replacement programs.

CFT had its building and site improvements valued by an independent registered valuer, AON Valuation Services. The valuation is effective as at 31 December 2017. Further detail is disclosed in note 8.

2. Grants

	2018	2017
<i>During the year grants were received from:</i>		
Hutt City Council	8,735,050	4,810,000
Others	755,629	696,571
Total grants	9,490,679	5,506,571

3. Interest Revenue and Finance Expenses

	2018	2017
Interest revenue		
- call and term deposits	12,403	18,617
- related party deposits	-	-
Total interest revenue	12,403	18,617
Finance expenses		
- call and term loans	-	-
- related party loans	124,418	125,700
Total finance expenses	124,418	125,700
Net finance expenses	(112,015)	(107,083)

4. Personnel Expenses

	2018	2017
Salaries and wages	218,020	251,176
Other employee expenses	6,730	5,175
Defined contribution plan employer contributions	3,624	5,478
Increase/(decrease) in employee entitlements/liabilities	3,010	(5,300)
Total personnel expenses	231,384	256,529

5. Operating Expenses

	2018	2017
Fee for the audit of the financial statements	19,218	18,987
Trustees' fees	19,000	30,000
Legal expenses	13,592	10,816
Specialist services	51,105	20,587
Other expenses	238,245	152,221
Building maintenance	111,106	60,555
Loss on revaluation of PPE	33,121	-
Total operating expenses	485,387	293,166

6. Cash and Cash Equivalents

	2018	2017
Cash at bank and on hand	1,034,829	736,542
Total cash and cash equivalents	1,034,829	736,542

7. Debtors and Other Receivables

	2018	2017
Receivables from non exchange transactions:		
GST receivable	81,763	67,161
Other receivable	519,677	286,485
Receivables from exchange transactions:		
Other receivable	6,171	-
Gross debtors and other receivables	607,611	353,646
Less provision for impairment	-	-
Total debtors and other receivables	607,611	353,646

8. Property, Plant and Equipment

	Opening			Movements during the year					Closing		
	Cost or valuation	Accumulated depreciation	Carrying amount	Additions	Disposals	Depreciation on disposals	Elimination of accumulated depreciation on revaluation	Revaluation surplus	Cost or valuation	Accumulated depreciation	Carrying amount
2018											
Operational assets											
Buildings	14,409,997	(433,127)	13,976,870	11,244,755	-	(479,208)	615,139	761,898	26,416,650	(297,196)	26,119,454
Site improvements	3,216,196	(237,377)	2,978,819	-	-	(106,305)	290,575	(323,696)	2,892,500	(53,107)	2,839,393
Plant and equipment	86,553	(8,627)	77,926	15,492	-	(7,762)	-	-	102,045	(16,389)	85,656
Total operational assets	17,712,746	(679,131)	17,033,615	11,260,247	-	(593,275)	905,714	438,202	29,411,195	(366,692)	29,044,503

[illegible]

No class of Property, plant and equipment is pledged as security for liabilities, nor are any titles restricted.

A change in accounting policy was introduced this year to revalue CFT's buildings and site improvements, which had previously been recorded at cost. The decision to revalue these assets will ensure their values more accurately reflect fair market value. CFT's buildings and site improvements will be revalued every three years (or sooner if necessary) to ensure the assets carrying amount does not differ materially from fair value.

Buildings and site improvements are valued using a summation approach based on an Optimised Depreciated Replacement Cost Methodology because no reliable market data is available for such buildings and site improvements. The buildings and site improvements were independently valued by Aon Valuation Services effective as at 31 December 2017. The total valuation was for \$29,300,700.

9. Creditors and other payables

	2018	2017
Payables under non-exchange transactions		
Grants received subject to substantive conditions not yet met	200,000	200,000
Payables under exchange transactions		
Accrued expenses	435,310	884,456
Creditors	325,153	227,930
Total creditors and other payables	960,463	1,312,386

10. Employee Entitlements

	2018	2017
Annual leave	6,101	3,092
Total employee entitlements	6,101	3,092

11. Advances from related parties

	2018	2017
Due to related parties	6,008	10,601
Total other liabilities	6,008	10,601

12. Borrowings

	2018	2017
CURRENT PORTION		
Secured loans	-	3,000,000
Total current portion	-	3,000,000
NON-CURRENT PORTION		
Secured loans	3,000,000	-
Total non-current portion	3,000,000	-
Total borrowing	3,000,000	3,000,000

13. Equity

	2018	2017
Accumulated funds		
Balance at beginning of the year	24,217,715	19,327,169
Transfers to restricted reserves	(38,861)	-
Net surplus/(deficit) after tax	8,543,311	4,890,546
Balance at end of the year	32,722,165	24,217,715

	2018	2017
Restricted reserves		
Balance at beginning of the year	-	-
Movements during the year	38,861	-
Balance at end of the year	38,861	-

	2018	2017
Asset Revaluation Reserve		
Balance at beginning of the year	-	-
Movements during the year from revaluation	1,377,037	-
Balance at end of the year	1,377,037	-

	2018	2017
Asset revaluation reserve consists of:		
Buildings	1,377,037	-
Balance at end of the year	1,377,037	-

	2018	2017
Total equity		
Balance at beginning of the year	24,217,715	19,327,169
Movements during the year	9,920,348	4,890,546
Balance at end of the year	34,138,063	24,217,715

Restricted reserves: Established to separate funding and expenditure relating to long term asset replacement and maintenance at the Naenae Bowls Centre.

14. Financial Instruments

	2018	2017
FINANCIAL ASSETS		
Loans and receivables		
Cash and cash equivalents	1,034,829	736,542
Debtors and other receivables	607,611	286,485
Total financial assets	1,642,440	1,023,027
FINANCIAL LIABILITIES		
Financial liabilities at amortised cost		
Other liabilities	6,008	10,601
Borrowings	3,000,000	3,000,000
Trade and other payables	960,463	1,312,386
Total financial liabilities at amortised cost	3,966,471	4,322,987

15. Remuneration

Key management personnel consist of the Trustees and the General Manager.

	2018	2017
Senior management		
Total remuneration	133,279	133,311
Full-time equivalent members	1.00	1.00
Remuneration of Trust members		
Chair	7,000	20,000
Annual honorarium	12,000	10,000
Total remuneration	19,000	30,000
Number of Trustees, including Chair	7.00	7.00

Due to the difficulty in determining the full-time equivalent for Trust members, the full-time equivalent figure is taken as the number of Trustees. The Trust comprises the Chair and six trustees.

Severance Payments

No severance payments were made by CFT during the year (2017: Nil).

16. Related Parties Disclosures

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client / recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Trust would have adopted in dealing with the party at arms length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

17. Capital Commitments and Operating Leases

Capital Commitments

The Trust has \$4.41 million in commitments for capital expenditure as at 30 June 2018, relating to the Fraser Park Sportsville development (stage 2). As at 30 June 2017, the Trust had \$11.010 million in commitments for capital expenditure relating to the Stokes Valley Community Hub development (\$0.516 million), Fraser Park Sportsville Stage 2 (\$10.288 million), and Walter Mildenhall Bowls Centre (\$0.206 million).

Operating Leases – as lessor

	2018	2017
Not later than one year	408,195	8,195
Later than one year and not later than five years	1,632,780	32,780
Later than five years	1,618,627	24,630
Total non-cancellable operating leases	3,659,602	65,605

Operating Leases – as lessee

	2018	2017
Not later than one year	7,922	3,352
Later than one year and not later than five years	31,688	13,408
Later than five years	25,028	10,074
Total non-cancellable operating leases	64,638	26,834

18. Contingent Assets and Liabilities

Contingent Assets

As at 30 June 2018 the Trust had no contingent assets (2017: \$nil).

Contingent Liabilities

As at 30 June 2018 the Trust had no contingent liabilities (2017: \$nil).

19. Variance Explanations

Statement of Comprehensive Revenue and Expenses

The surplus before the gain on property revaluation was \$8.543m for the year ended 30 June 2018, below budget by \$2.87m.

Operating Revenue

Revenue was lower than planned by \$2.803m largely due to construction of the Fraser Park development being slower to get underway. As a consequence, the drawdown of funding (from Hutt City Council) was lower than originally planned.

Operating Expenses

Total expenses were above budget by \$67k. Personnel expenses and Depreciation charges were lower than planned, whilst Finance charges were in line with budget. Operating expenses were above budget by \$92k due to a revaluation write down relating to the Fraser Park Turfs, higher than planned Maintenance (Walter Nash floor recoat completed a year early) and Professional Services Fees (assistance with fundraising).

Statement of Financial Position

Total assets were lower than planned as a result of the Fraser Park development being slower to get underway. Current liabilities are higher than planned due to the level of construction activity at year-end. Non-current liabilities were higher due to the budget assumption that a small amount of the \$3m loan would be re-paid.

Statement of Cashflows

Cash from operating activities whilst lower than planned reflects the operational aspect of the entity. Cash from investing activities reflects the capital spend on assets under construction, being the completion of both the Stokes Valley Community Hub and the Naenae Bowls Centre, as well as construction of the Fraser Park development. Cash from financing activities is broadly in line with budget.

20. Events After the Balance Date

There have been no significant events after balance date.

21. Failure to Issue a Statement of Intent

In accordance with Section 64 and Clause 3 of Schedule 8 of the Local Government Act 2002, the Board of the Trust is required to complete the Trust's Statement of Intent for the period beginning 1 July 2018 by 30 June 2018. This requirement has not been met as the Statement of Intent was completed after 30 June 2018.