



Taranaki Stadium Trust



Taranaki Stadium Trust
2021/2022 ANNUAL REPORT

VISION FOR YARROW STADIUM

The best regional stadium in New Zealand that regularly hosts local, regional, national, and international sports and entertainment events.

A stadium for both major events and community events and the premier outdoor fields for team sports codes.

A stadium that is loved by sports fans and the local community.

A stadium that is a quality experience for event promoters, participants and spectators, which is achieved through superior hospitality and event facilities, efficient and effective management, accessibility, flexibility and innovation.

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Entity information for the Year Ended 30 June 2022

Legal name

Taranaki Stadium Trust

Type of entity and legal basis

The Taranaki Stadium Trust (the Trust) is a charitable trust incorporated in New Zealand under the Charitable Trusts Act 1957 and is domiciled in New Zealand. The Trust is controlled by the Taranaki Regional Council and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002, by virtue of the Council's right to appoint the Board of Trustees.

The Trust's purpose

The purpose of the Trust is to promote the effective and efficient maintenance, development, management, operation and promotion of Yarrow Stadium as a community asset used for recreation, sporting and cultural activities for the benefit of the people of Taranaki, working in particular with the Taranaki Regional Council and the New Plymouth District Council.

Structure of the Trust's operations, including governance arrangements

The Trust comprises a Board of two Trustees who oversee the governance of the Trust. The Trustees are appointed by the Taranaki Regional Council. The Trust does not employ any staff. All the Trust's administrative and support services are undertaken by the Taranaki Regional Council. The operation of Yarrow Stadium is undertaken by the New Plymouth District Council pursuant to a Management Agreement.

Main sources of the Trust's cash and resources

Operating grants received from the Taranaki Regional Council are the primary sources of funding to the Trust.

Outputs

Refer to the statement of service performance.



Trustee's Report

The Trustees are pleased to present the Taranaki Stadium Trust's 2021/2022 Annual Report.

The purpose of the Trust is to promote the effective and efficient maintenance, development, management, operation and promotion of Yarrow Stadium as a community asset used for recreation, sporting and cultural activities for the benefit of the people of Taranaki, working in particular with the Taranaki Regional Council and the New Plymouth District Council.

The Trust, the New Plymouth District Council and the Taranaki Regional Council have a partnership arrangement for the operation and the development, maintenance and enhancement of the Yarrow Stadium facilities. Under the Trust's Deed and the Management Agreement between the Trust and the New Plymouth District Council, the New Plymouth District Council operates and funds the operations of Yarrow Stadium. The Taranaki Regional Council funds, via the Trust, the long-term maintenance and development of Yarrow Stadium.

This partnership for funding and operating, maintaining and developing is designed to maintain Yarrow Stadium as a premier regional sports and events venue.

Highlights

In opting to repair and refurbish Yarrow Stadium within a budget of up to \$70 million, the Council has reaffirmed its vision for the venue. The vision was originally adopted in 2015 following stakeholder engagement. It is:

The best regional stadium in New Zealand that regularly hosts national and international sports and entertainment events.

- *A stadium for both major events and community events and the premier outdoor field for team sports codes.*
- *A stadium that is loved by sports fans and the local community.*
- *A stadium that is a quality experience for event promoters, participants and spectators, which is achieved through superior event facilities, presentation and management and through the early adoption and smart use of technology.*

The repair and refurbishment project will include:

- Demolition and replacement of the East Stand
- Replaced lighting with LED and replacement of the main field
- Important refurbishments including additional food and beverage outlets and toilets, technology upgrades, car park improvements, maintenance and grounds storage sheds, gate improvements and new South Terrace seating.

And the Council will ask the Yarrow Stadium operator, New Plymouth District Council, to seek ways to encourage increased use of the facility by a wider range of sporting and non-sporting organisations.

The implementation of the repair and refurbishment project continued during the year. Significant progress was made on the repair of the West Stand and the installation of new lighting and a new main field. These projects are due for completion in September 2022.

The East Stand was demolished and the design and contract for the new East Stand have been finalised. The construction of the new East Stand has resulted in an increase in the total project budget from \$50m to \$70m, with \$10m of this increase being funded by the Government through Crown Infrastructure Partners.

Trustee's Report



Financial Highlights

The Trust's 2021/2022 funding was focussed on the delivery of the repair and refurbishment project. To date the project spend is \$23m.

The delivery of the repair and recovery programme will require the Trust to borrow up to \$40m from the Taranaki Regional Council (in addition to the existing \$5m loan facility). The servicing of this debt will come from rates sourced Taranaki Regional Council funding.

Looking Ahead

Yarrow Stadium and the Trust face positive times ahead as the Stadium reopens and the construction of the new East commences.

Elvina Van Der Leden
Trustee
20 September 2022

Michael Nield
Trustee
20 September 2022

Statement of Service Performance

Performance Targets

The performance of Taranaki Stadium Trust has been judged against the following measures:

The presence of a Management Agreement with the New Plymouth District Council for the operation of the Stadium.

An agreement for the management and operation of Yarrow Stadium, between the Trust and the New Plymouth District Council, is in place. The original agreement for the Council to manage and operate the stadium was signed in 2004 and the latest renewal came into effect from 27 June 2013. New Plymouth District Council operated Yarrow Stadium in accordance with the Management Agreement during 2021/2022.

The provision of funding for a programme of agreed maintenance and long-term development of the Stadium. The programme of maintenance and long-term development is to be agreed upon by the Taranaki Regional Council and the New Plymouth District Council.

The Taranaki Regional Council has approved a \$70m repair and refurbishment project for Yarrow Stadium. The New Plymouth District Council and the Taranaki Regional Council have agreed upon a long-term maintenance and development programme for the ten years from 2015/2016 to 30 June 2025. The Taranaki Regional Council provided the annual funding of \$2,178,669 to the Taranaki Stadium Trust.

Asset management planning for Yarrow Stadium is on hold while the repair and refurbishment project is delivered. Funding has been used to deliver the repair and refurbishment project. The focus has been on getting the Stadium operational again.



Statement of Financial Performance for the Year Ended 30 June 2022

	Notes	Actual \$ 2021/2022	Actual \$ 2020/2021
Revenue			
Crown Infrastructure Stadium Rebuild Funding		6,694,050	-
Council funding	1	2,178,669	3,942,720
Interest revenue		2,379	1,780
Sundry income		43,830	26,100
Total revenue		8,918,928	3,970,600
Expenses			
Depreciation	6	889,505	912,492
Finance expenses	2	235,347	26,025
Other expenses	3	1,444,931	711,833
Impairment of turf	6	-	161,738
Impairment of enhancements	6	91,939	-
Losses on revaluation of buildings	6	1,296,058	-
Total expenses		3,957,780	1,812,088
Surplus/(deficit)		4,961,148	2,158,512
Other comprehensive revenue			
Gains on revaluation of land	6	955,000	-
Total other comprehensive income		955,000	-
Total comprehensive income/(deficit)		5,916,148	2,158,512
Total comprehensive income/(deficit) attributable to:			
Taranaki Regional Council		5,916,148	2,158,512
Total comprehensive income/(deficit)		5,916,148	2,158,512

Statement of Changes in Equity for the Year Ended 30 June 2022

	Notes	Actual \$ 2021/2022	Actual \$ 2020/2021
Balance at 1 July		15,008,316	12,849,804
Surplus/(deficit) for the year		4,961,148	2,158,512
Other comprehensive income		955,000	-
Total comprehensive income/(deficit)		5,916,148	2,158,512
Balance at 30 June	4	20,924,464	15,008,316

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2022

	Notes	Actual \$ 2021/2022	Actual \$ 2020/2021
Assets			
Current assets			
Cash and cash equivalents	5	1,466,091	495,498
Debtors and other receivables	7	38,121	155,697
Total current assets		1,504,212	651,195
Non-current assets			
Property, plant and equipment	6	35,478,206	20,753,249
Total non-current assets		35,478,206	20,753,249
Total assets		36,982,418	21,404,444
Liabilities			
Current liabilities			
Creditors and other payables	8	1,557,622	1,395,796
Borrowings	9	332	5,000,332
Total current liabilities		1,557,954	6,396,128
Non-current liabilities			
Borrowings	9	14,500,000	-
Total non-current assets		14,500,000	-
Total liabilities		16,057,954	6,396,128
Net assets		20,924,464	15,008,316
Equity			
Accumulated funds	4	18,619,464	13,658,316
Asset Revaluation Reserve	4	2,305,000	1,350,000
Total equity attributable to the Trust	4	20,924,464	15,008,316

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the Year Ended 30 June 2022

	Notes	Actual \$ 2021/2022	Actual \$ 2020/2021
Cash flows from (used in) operating activities			
Taranaki Regional Council		2,178,669	3,942,720
Crown Infrastructure Stadium Rebuild Funding		6,694,050	-
Other revenue		73,845	-
Interest received		2,329	1,778
Payments to suppliers		(1,678,120)	(345,635)
Interest paid		(148,148)	(26,038)
Goods and services tax (net)		87,611	(260,746)
Net cash from (used in) operating activities	10	7,210,236	3,312,079
Cash flows from (used in) investing activities			
Purchase of property, plant and equipment		(15,739,643)	(3,673,158)
Net cash from (used in) investing activities		(15,739,643)	(3,673,158)
Cash flows from (used in) financing activities			
Applied to borrowings		-	(154,981)
Provided from borrowings		9,500,000	1,000,000
Net cash from (used in) financing activities		9,500,000	845,019
Net (decrease)/increase in cash and cash equivalents		970,593	483,940
Opening cash and cash equivalents		495,498	11,558
Closing cash and cash equivalents	5	1,466,091	495,498

The goods and services tax (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

Statement of accounting policies

Reporting entity

The Taranaki Stadium Trust (the Trust) is a charitable trust incorporated in New Zealand under the *Charitable Trusts Act 1957* and is domiciled in New Zealand. The Trust is controlled by the Taranaki Regional Council and is a Council Controlled Organisation as defined under section 6 of the *Local Government Act 2002*, by virtue of the Council's right to appoint the Board of Trustees.

Rather than making a financial return, the primary objective of the Trust is to promote the effective and efficient maintenance, development, management, operation and promotion of Yarrow Stadium as a community asset used for recreation, sporting and cultural activities for the benefit of the people of Taranaki, working in particular with the Taranaki Regional Council and the New Plymouth District Council. The Trust has elected to apply PBE SFR-A (PS) Tier 3: Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2 million. The Trust recognises that it has exceeded the annual expenses threshold in 2021/2022 due to one off demolition and losses on revaluation of buildings associated with the Stadium repair and rebuild project. As expenditure limits is breached for only one year and is forecasted to return to less than \$2 million in 2022/2023 it is still appropriate to apply Tier 3 reporting requirements.

The financial statements of the Trust are for the year ended 30 June 2022. The financial statements were authorised for issue by the Board of Trustees on 20 September 2022.

Basis of preparation

Measurement base

The financial statements have been prepared on a historical costs basis, modified by the revaluation of certain fixed assets.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Trust is New Zealand dollars.

New and amended accounting standards adopted

There have been no new or amended accounting standards adopted for the year ended 30 June 2022.

Changes in accounting policies

There have been no changes in accounting policies for the year ended 30 June 2022.

Significant accounting policies

The following is a summary of the significant accounting policies, adopted by the Trust, in the preparation of these financial statements.

Goods and services tax

The Trust is registered for Goods and Services Tax (GST). The financial statements have been prepared exclusive of GST, with the exception of receivables and payables, which are stated inclusive of GST. The net amount of GST, recoverable from or payable to the Inland Revenue Department (IRD), is included as part of receivables or payables, in the statement of financial position. The net amount of GST, paid to or received from the IRD, is classified as an operating cash flow, in the statement of cash flows.

Notes to the Financial Statements

Revenue

Council grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if conditions of the grant are not met ("use or return condition"). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

Crown Infrastructure Stadium rebuild funding is recorded as revenue when received, as specified by Tier 3 PBE Accounting Standards.

Interest revenue is recorded as it is earned during the year.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within borrowings, as a current liability, in the statement of financial position.

Investments

Investments comprise investments in terms deposits with banks. Deposits with banks are initially recorded at the amount paid. If it appears that the carrying amount of the investment will not be recovered, it is written down to the expected recoverable amount.

Debtors and other receivables

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

Property, plant and equipment

Property, plant, and equipment is recorded at cost, less accumulated depreciation and impairment losses with the exception of land and buildings which is recorded at valuation. Donated assets are recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the current value of the asset is readily obtainable and significant. Significant donated assets for which current values are not readily obtainable are not recognised. For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amount. For an asset to be used by the Trust, the asset is impaired if the value to the Trust in using the asset falls below the carrying amount of the asset.

Work in progress is recorded at cost. Cost includes expenditure which is directly attributable to the acquisition of an asset. Capital work in progress is not depreciated.

Accounting for revaluations

The Trust elects to apply PBE IPSAS 17 *Property, Plant and Equipment* for the purposes of accounting for revaluations.

When land and buildings is revalued, any accumulated depreciation, at the date of the revaluation, is eliminated against the gross carrying amount of the asset. Then, the net amount is restated, to reflect the revaluation.

If the carrying amount of an item of land and buildings increases, as the result of a revaluation, the increase shall be recognised in the asset revaluation reserve, within other comprehensive income. However, the increase shall be recognised in the surplus or deficit, to the extent that it reverses a revaluation decrease, of the same class of assets, previously recognised in the surplus or deficit.

If the carrying amount of an item of land and buildings decreases, as the result of a revaluation, the decrease shall be recognised in the surplus or deficit. However, the decrease shall be recognised in the asset revaluation reserve, within other comprehensive income, to the extent of any credit balance in the revaluation reserve, in relation to that asset class.

Notes to the Financial Statements

Revaluations of property, plant and equipment are accounted for on a class-of-asset basis. Only land and buildings are revalued and recorded at fair value, all other assets are recorded at cost.

In accordance with the Trust's Statement of Intent for the year to 30 June 2022, property is normally revalued on a three yearly cycle, however an additional revaluation has been undertaken as at 30 June 2022.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential, associated with the item, will flow to the Trust, and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment will be recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it will be recognised at fair value as at the acquisition date.

Disposals

Gains and losses on disposal are determined by comparing proceeds received, with the carrying amount of the asset. Gains and losses on disposal are included in the surplus or deficit. When revalued assets are sold, amounts included in the asset revaluation reserve, in relation to those assets, will be transferred to accumulated funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised 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.

Impairment of property, plant and equipment

The carrying values of property, plant and equipment are reviewed annually for impairment, with reference to internal and external factors which may indicate the carrying value exceeds depreciated replacement cost. The Trust elects to apply *Impairment of Revalued Assets including Amendments to PBE IPSASs 21 and 26* for the purposes of the impairment recognised in note 6. Any significant impairment is recognised by writing the assets down to their depreciated replacement cost and charging the impairment to the relevant revaluation reserve or to the surplus or deficit, where there is no revaluation reserve. If an asset's carrying value exceeds its recoverable amount, the asset is impaired, and the carrying amount is written down to the recoverable amount. In relation to revalued assets, the impairment loss is recognised against the revaluation reserve, for that asset class. Where that results in a debit balance, in the revaluation reserve, the balance is recognised in the surplus or deficit. In relation to assets that are not revalued, the total impairment is recognised in the surplus or deficit.

Depreciation and amortisation expense

Depreciation is provided on a straight-line basis, at rates that will write-off the cost or valuation of assets, to their estimated residual values, over their useful lives. The rates of depreciation are as follows:

Buildings	1.25% to 6.67% per annum
Furniture, fittings and equipment	6.67% to 25.00% per annum
Office Equipment	15.00% to 30.00% per annum

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

Creditors and other payables

Creditors and accrued expenses are measured at the amount owed.

Income tax

The Trust has been granted Charitable Status by the IRD and therefore, is exempt from income tax.

Loans

Loans are recognised at the amount borrowed from the lender.

Notes to 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 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 value of assets and liabilities, within the next financial year, are discussed below:

Land and building fair values:

Land and buildings are revalued every three years. The latest valuation was performed by TelferYoung (Taranaki) Limited. TelferYoung (Taranaki) Limited are a registered experienced valuer with extensive market knowledge in the types of land and buildings owned by the Taranaki Stadium Trust. Trust management has done an assessment of the 30 June 2022 valuation and is satisfied that this latest valuation is materially accurate.

Property, plant and equipment useful lives and residual values:

At each balance date, the Trust reviews the useful lives and residual values of its property, plant and equipment. To assess whether the useful lives and residual values are appropriate, the Trust considers a number of factors, such as, the physical condition of the asset, the expected period of use of the asset, and the expected disposal proceeds, from future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset and will therefore, impact depreciation expense in the statement of comprehensive income, and the carrying amount of the asset in the statement of financial position. The Trust minimises the risk of this uncertainty through physical inspection of assets. The Trust has made an impairment assessment with regard to rebuild enhancements in the current financial year – refer note 6.

Going concern

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future. As at 30 June 2022, the Trust's current liabilities exceeded its current assets by \$53,742 (2020/2021: \$5,744,933). This is mainly the result of large payables relating to the repair and refurbishment project. The Trust is funded by Taranaki Regional Council to maintain Yarrow Stadium as a community asset.

Taranaki Regional Council has provided a letter of support to ensure that the Trust will continue to be provided financial support to enable it to pay its debts as they fall due. Taranaki Regional Council have also secured the funding that is required to repair the assets and the stadium as outlined in the Taranaki Regional Council 2021/2031 Long Term Plan.

On 11 March 2020, the World Health Organisation declared a global pandemic as a result of the outbreak and spread of COVID-19. In response, New Zealand has since moved through different alert levels with differing levels of restrictions on domestic activity.

The Trust has considered the impact of COVID-19 in respect of its status as a going concern. COVID-19 delayed the implementation of the repair and refurbishment project, thus providing the opportunity for the Taranaki Regional Council to apply for Government "shovel-ready" funding. This application was successful and funding has now been increased to \$30m (2020/2021: \$20m). The Trust was able to continue operating throughout the different pandemic alert levels and COVID-19 has resulted in no impact on liquidity and working capital. There has been no impact on access to capital. The repair and refurbishment project faces increased costs and supply delays resulting from the impacts of COVID-19 on building and construction materials. The Trust has taken the necessary steps to mitigate and minimise these impacts. The Trust is well positioned to maintain its financial position and to continue operating through this time of business uncertainty.

Notes to the Financial Statements

1. Income

	Actual \$ 2021/2022	Actual \$ 2020/2021
Annual grant from the Taranaki Regional Council	2,178,669	3,942,720

Donated goods or services not recognised:

During the year, the Trust received professional accounting and secretarial services from the Taranaki Regional Council at no charge.

2. Finance Expenses

	Actual \$ 2021/2022	Actual \$ 2020/2021
Interest – TSB	28,316	4,907
Interest – Taranaki Regional Council	207,031	21,118
Total finance expenses	235,347	26,025

3. Other Expenses

	Actual \$ 2021/2022	Actual \$ 2020/2021
Ancillary services	16,889	18,276
Audit fees for financial statement audit	12,985	12,640
Bank charges	16	142
Charities commission	44	44
Consulting fees	9,289	-
Demolition expense	1,257,321	539,367
General expenses	30,878	-
Insurance	69,079	127,615
Legal Expenses	50,904	-
Stadium repairs and maintenance	(4,154)	4,389
Valuation Fees	1,680	9,360
Total other expenses	1,444,931	711,833

4. Equity

	Actual \$ 2021/2022	Actual \$ 2020/2021
Accumulated funds		
Balance at 1 July	13,658,316	11,499,804
Surplus/(deficit) for the year	4,961,148	2,158,512
Other comprehensive income/(deficit)	955,000	-
Transfers to asset revaluation reserve	(955,000)	-
Balance at 30 June	18,619,464	13,658,316
Asset revaluation reserve		
Balance at 1 July	1,350,000	1,350,000
Movement in the asset revaluation reserve	955,000	-
Balance at 30 June	2,305,000	1,350,000
Total equity	20,924,464	15,008,316

Notes to the Financial Statements

5. Cash and cash equivalents

	Actual \$ 2021/2022	Actual \$ 2020/2021
TSB Bank current account	41,539	13,262
TSB Bank on call account	1,424,552	482,236
Total cash and cash equivalents	1,466,091	495,498

The carrying value of cash and cash equivalents approximates their fair value.

6. Property, plant and equipment

	Actual \$ 2021/2022	Actual \$ 2020/2021
<u>Land at valuation</u>		
Carrying amount at 1 July	3,500,000	3,500,000
Additions	-	-
Revaluation	955,000	-
Carrying amount at 30 June	4,455,000	3,500,000
<u>Furniture, fittings and equipment</u>		
Cost at 30 June previous year	3,340,193	3,340,193
Accumulated depreciation	(2,276,177)	(1,611,960)
Net book value previous year	1,064,016	1,728,233
Carrying amount at 1 July	1,064,016	1,728,233
Additions	-	-
Disposals	(15,698)	-
Depreciation	(660,293)	(664,217)
Carrying amount at 30 June	388,025	1,064,016
<u>Buildings at valuation</u>		
Cost at 30 June previous year	10,260,449	11,528,265
Accumulated depreciation	(1,178,281)	(2,036,085)
Net book value previous year	9,082,168	9,492,180
Carrying amount at 1 July	9,082,168	9,492,180
Additions	-	-
Transfers	18,267,903	-
Impairment of turf	-	(161,738)
Depreciation	(229,212)	(248,275)
Revaluation	(1,296,058)	-
Carrying amount at 30 June	25,824,801	9,082,167
<u>Office equipment</u>		
Cost at 30 June previous year	16,430	16,430
Accumulated depreciation	(16,430)	(16,430)
Net book value previous year	-	-

Notes to the Financial Statements

	Actual \$ 2021/2022	Actual \$ 2020/2021		
Carrying amount at 1 July	-	-		
Additions	-	-		
Disposals	-	-		
Depreciation	-	-		
Carrying amount at 30 June	-	-		
Work in progress				
Cost at 30 June previous year	7,107,065	2,617,457		
Accumulated depreciation	-	-		
Net book value previous year	7,107,065	2,617,457		
Carrying amount at 1 July	7,107,065	2,617,457		
Additions	16,105,112	4,489,608		
Transfers	(18,267,903)	-		
Impairment of enhancements	(91,939)	-		
Disposals	(41,955)	-		
Depreciation	-	-		
Revaluation	-	-		
Carrying amount at 30 June	4,810,380	7,107,065		
Total property, plant and equipment	35,478,206	20,753,249		
As at 30 June 2022	Cost or Valuation	Impairment	Accumulated Depreciation	Carrying Amount
Land at valuation	4,455,000	-	-	4,455,000
Furniture, fittings and equipment at cost	3,324,495	-	2,936,470	388,025
Buildings at valuation	26,635,393	-	810,592	25,824,801
Office equipment at cost	16,430	-	16,430	-
Work in progress at cost	4,902,319	91,939	-	4,810,380
Total property, plant and equipment	39,333,637	91,939	3,763,492	35,478,206

Valuation

TSB Bank holds a restriction over the title of the Trust's property by way of a registered first mortgage over the property at 6 Maratahu Street, New Plymouth. No plant and equipment is pledged as security for liabilities. The land and buildings were valued, as at 30 June 2022, by Mike Drew, registered valuer, TelferYoung (Taranaki) Limited. Land and buildings were adjusted in the financial statements, for the year ending 30 June 2022, to reflect this revaluation. The valuation was performed by TelferYoung (Taranaki) Limited. TelferYoung (Taranaki) Limited are a registered experienced valuer with extensive market knowledge in the types of land and buildings owned by the Taranaki Stadium Trust. The land is valued using market based sales evidence. The land's fair value at 30 June 2022 was \$4,455,000 and gain on revaluation of \$955,000 was recognised in the asset revaluation reserve.

Buildings are valued based on the depreciated replacement cost approach using assumptions the valuer believed to be fair and reasonable at the date of valuation. The total fair value of the buildings at 30 June 2022 was \$25,824,801. Loss on revaluation of the buildings of \$1,296,058 was recognised in the surplus or deficit.

Trust management has done an assessment of the 30 June 2022 valuation and is satisfied that this latest valuation is materially accurate.

Impairment

As part of the repair and refurbishment of Yarrow Stadium, technology enhancements were started however, these are now not going to be completed, consequently the enhancements costs in capital WIP is now at the end of its useful life and its impairment loss is assessed at 100%.

The total value of the impairment loss of the enhancements for the year ended 30 June 2022 was \$91,939 which has been recognised in the surplus or deficit (2020/2021: Field 1 turf \$161,738.)

Notes to the Financial Statements

Background

During the 2017/2018 year, detailed seismic assessments were completed on the East and West Stands of Yarrow Stadium. The assessments indicated that the East Stand was 10% of new building standard and the West Stand was 20% of new building standard. As such both stands were earthquake prone buildings and were closed from use.

The Trust is committed to the repair of the stands and the investigations on the repair and rebuild options has been completed. The Taranaki Regional Council has approved the repair and refurbishment of Yarrow Stadium. The project will include repairs to the earthquake-prone West Stands and the build of a new East Stand. Other important refurbishments include additional food and beverage outlets, toilets, technology upgrades, LED pitch lighting, improvements to the car park and gates, new South Terrace seating and the reinstatement of Field 1.

This work essentially restores what existed, with essential updates. The estimated total cost is \$70 million which will be funded by a \$30m "shovel-ready" grant from the Government and a loan through Taranaki Regional Council.

The repair of the West Stand is tracking well and is expected to be fully repaired by October 2022. The reinstatement of Field 1 and upgraded lights is now complete. The East Stand demolition is also complete with work well underway on the design concepts and plans for the replacement East Stand.

The Trust anticipates that Yarrow Stadium will be operational again using the West Stand in September 2022.

7. Debtors and other receivables

	Actual \$ 2021/2022	Actual \$ 2020/2021
TSB Bank interest accrual	56	6
Trade debtors	-	30,015
GST refund	38,065	125,676
Total debtors and other receivables	38,121	155,697

8. Creditors and other payables

	Actual \$ 2021/2022	Actual \$ 2020/2021
Audit fee accrual	12,985	12,640
Trade payables and accruals	1,544,637	1,383,156
Total creditors and other payables	1,557,622	1,395,796

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore the carrying values approximate their fair value.

9. Borrowings

	Actual \$ 2021/2022	Actual \$ 2020/2021
TSB Bank Liberty Revolving credit facility	332	332
Taranaki Regional Council loan	-	5,000,000
Total current liability borrowings	332	5,000,332
Taranaki Regional Council loan	14,500,000	-
Total non-current liability borrowings	14,500,000	-

The TSB Bank Liberty Revolving credit facility has a draw down limit of \$5,000,000 and is secured by way of a registered first mortgage over the property at 6 Maratahu Street, New Plymouth. Interest is incurred at a 4.62% variable rate as at 30 June 2022 (2020/2021: 3.02%). The Taranaki Regional Council loan has a draw down limit of \$35,000,000 and is unsecured. Interest is incurred at a 2.79% variable rate as at 30 June 2022 (2020/2021: 0.52%).

Notes to the Financial Statements

10. Reconciliation of net surplus/(deficit) to net cash from operating activities

	Actual \$	Actual \$
	2021/2022	2020/2021
Surplus/(deficit)	4,961,148	2,158,512
<i>Add/(less) non-cash items:</i>		
Depreciation and amortisation expense	889,505	912,492
Impairment of enhancements (through surplus/deficit)	91,939	-
Impairment of turf (through surplus/deficit)	-	161,738
Losses on revaluation of buildings	1,296,058	-
<i>Add/(less) movements in working capital items</i>		
Creditors and other payables	(145,990)	235,030
Debtors and other receivables	117,576	(155,693)
Net cash from operating activities	7,210,236	3,312,079

11. Related parties

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 arm's length in the same circumstances.

The Taranaki Regional Council is deemed to be a related party of Taranaki Stadium Trust. The Trust received \$2,178,669 of annual grant revenue from the Council for the year ending 30 June 2022 (2020/2021: \$3,942,720) The Trust has a \$14,500,000 loan from the Council as at 30 June 2022. (2020/2021: \$5,000,000).

The Trust owns Yarrow Stadium, but, the New Plymouth District Council manages and operates the Stadium, in accordance with a Management Agreement, between the two parties. In relation to the year ending 30 June 2022, no debts between the parties were written off or forgiven, and no transactions took place between the parties at nil or nominal value. The Trust does not have any employees. No Trustee fees were paid during the year.

12. Capital commitments

There are capital commitments of \$902,088 as at 30 June 2022 (2020/2021: 5,279,374).

13. Contingent liabilities

There are no contingent liabilities as at 30 June 2022 (2020/2021: nil).

14. Contingent assets

There are no contingent assets as at 30 June 2022 (2020/2021: nil).

15. Events after the balance sheet date

On 5 August 2022, the Trust purchased a property on Maratahu Street, New Plymouth for \$1.15m (2020/2021 – Nil).

On 3 September 2022, Yarrow Stadium became operational again for sports and events, a significant milestone for the Trust.

Trust Directory

Taranaki Stadium Trust

Nature of business:	Charitable Trust
Trustees:	Elvisa Van Der Leden Michael Nield
Trust Settlement Date:	23 December 1999
Address:	C/- Taranaki Regional Council Private Bag 713 Stratford 47 Cloten Road Stratford
Bankers:	TSB Bank New Plymouth
Solicitors	Till Henderson Stratford
Auditors:	Matt Laing Deloitte Limited on behalf of the Auditor-General

INDEPENDENT AUDITOR'S REPORT TO THE READERS OF TARANAKI STADIUM TRUST'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

The Auditor-General is the auditor of Taranaki Stadium Trust (the 'Trust'). The Auditor-General has appointed me, Matt Laing, using the staff and resources of Deloitte Limited, to carry out the audit of the financial statements and statement of service performance of the Trust on his behalf.

We have audited:

- the financial statements of the Trust on pages 5 to 16, that comprise the statement of financial position as at 30 June 2022, the statement of financial performance, 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 page 4.

Qualified Opinion

Qualified opinion on the financial statements because of uncertainties over the carrying value of building assets for Yarrow Stadium in prior year

In our opinion, except for the matter described in the *Basis for our qualified opinion* section of our report, the financial statements of the Trust on pages 5 to 16:

- present fairly, in all material respects:
 - its financial position as at 30 June 2022; 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 Public Benefit Entity Simple Format Reporting – Accrual (Public Sector).

Unmodified opinion on the statement of service performance

In our opinion, the statement of service performance of the Trust on page 4 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 2022.

Our audit was completed on 20 September 2022. 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 statement of service performance, we comment on other information and we explain our independence.

Basis for our qualified opinion

In 2017/18 an impairment of \$15.5 million resulting from a detailed seismic assessment was recognised relating to the Eastern and Western Stands of Yarrow Stadium. In 2019/20, a valuation was obtained which identified further impairment, amounting to \$1.9m based on circumstances known to date. The valuation considered the unimpaired depreciated replacement cost but concluded that the value was significantly impaired due to known restoration requirements. However there was limited information of the extent to which the current components could be reused and the cost of restoration and thus the accuracy of the carrying value of the Eastern and Western Stands of Yarrow Stadium for the year ended 30 June 2021. The value of the stands and the level of impairment/losses on revaluation of buildings also impacts on the determination of the results of operations, and we were unable to determine whether adjustments to the results of operations and opening retained earnings might be necessary for 2021. For this reason, there are limited audit procedures that we could adopt to independently confirm the reasonableness of the asset value as at 30 June 2021 and our audit opinion on the financial statements for the year ended 30 June 2021 was modified accordingly.

In the current year, the restoration project has progressed, and the uncertainty around the extent of use of the components and the cost of restoration has been resolved. Our opinion on the current year financial statements is qualified because of the possible effect of this matter on the results of operations (and in particular the losses on revaluation of buildings) for the year ended 30 June 2022 and the comparability of the current year figures and the corresponding figures.

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 qualified opinion.

Responsibilities of the Trustees for the financial statements and the statement of service performance

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 statement of service performance for the Trust.

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

In preparing the financial statements and the statement of service performance, 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 has no realistic alternative but to do so.

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

Responsibilities of the auditor for the audit of the financial statements and the statement of service performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, 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 statement of service performance.

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

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 statement of service performance, 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 statement of service performance 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 Trustees 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 statement of service performance 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 statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance 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 1 to 3 but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

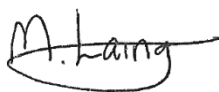
Our opinion on the financial statements and the statement of service performance does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the statement of service performance, 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 statement of service performance 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 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: *International 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.



Matt Laing

for Deloitte Limited
On behalf of the Auditor-General
Hamilton, New Zealand