

**Wellington Regional Stadium Trust
(Incorporated)**

Annual Report

For the year ended 30 June 1999

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 1999

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WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

TRUST PARTICULARS

AT 30 JUNE 1999

SETTLORS: Wellington City Council
Wellington Regional Council

TRUSTEES: W N Bimie
P D Collins
S E Elliot
B E Johnson
R H N Love
Sir R S Scott
D H Wale
The Hon. F H Wilde (Chair)

DATE OF SETTLEMENT: 1 January 1998

ACCOUNTANTS: PricewaterhouseCoopers

AUDITORS: Audit NZ, Wellington
on behalf of the Controller
and Auditor General

SOLICITORS: Kensington Swan

BANKERS: ANZ Banking Group (NZ) Limited

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 1999

	1999	1998
		6 months
	\$	\$
Operating revenue		
Interest received	589,519	571,948
Donations received	33,000	
Grants received – The Community Trust of Wellington	2,000,000	
Grants received – Lottery Grants Board NZ	4,000,000	-
Management fees	<u>65,000</u>	<u>-</u>
	6,687,519	571,948
Cost of Goods Sold		
Opening stock		-
Purchases	9,364	-
Closing stock	<u>(5,279)</u>	<u>-</u>
	<u>4,085</u>	<u>-</u>
Operating expenses .		
Finance and Administration	152,811	19,726
Audit	5,833	6,667
Depreciation	17	
Insurance	3 1,341	
Interest	225,355	926
Occupancy	44,734	4,917
Personnel	369,661	117,389
Communication	<u>12,973</u>	<u>955</u>
Total operating expenses	<u>846,810</u>	<u>150,580</u>
NET SURPLUS FOR THE PERIOD	<u>5,840,709</u>	<u>421,368</u>

The accompanying accounting policies and notes form part of these financial statements.

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

STATEMENT OF MOVEMENTS IN TRUST FUNDS

FOR THE YEAR ENDED 30 JUNE 1999

	1999	199s
	\$	6 months
		\$
FUNDS AT BEGINNING OF THE PERIOD	116,143	(305,225)
'Net surplus for the period	<u>5,840,709</u>	<u>421,368</u>
Total recognised revenue and expenses for the period	<u>5,840,709</u>	<u>421,368</u>
FUNDS AT END OF THE PERIOD	<u>5,956,852</u>	<u>116,143</u>

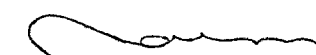
The accompanying accounting policies and notes form part of these financial statements.

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 1999

	1999 \$	199s \$
TRUST FUNDS		
Accumulated surplus	5,956,852	<u>116.143</u>
Total Trust Funds	<u>5,956.852</u>	<u>116.143</u>
NON-CURRENT LIABILITIES		
Advances (Note 2)	40,000,000	15,000,000
ANZ Banking Group (NZ) Ltd (Note 7)	21,900,000	
Sponsorship in advance	2,850,000	
Tranzrail Relocation (Note 3)		<u>1,600.000</u>
Total non-current liabilities	<u>64,750,000</u>	<u>16,600,000</u>
CURRENT LIABILITIES		
Membership and Corporate Box -- deposits received	16,484,680	7,500,000
Sponsorship in advance	150,000	
Tranzrail relocation (Note 3)	1,600,000	
Land Purchase (Note 4)	3,802,500	3,802,500
Payables	<u>4,831,264</u>	<u>5,298,787</u>
Total current liabilities	<u>26,868,444</u>	<u>16,601,287</u>
	<u>97,575,296</u>	<u>33,317,430</u>
<i>Represented by:</i>		
NON-CURRENT ASSETS		
Land	4,225,000	4,225,000
Stadium development costs (note 6)	89,874,796	20,631,069
Fixed Assets	<u>2,106</u>	
Total non-current assets	<u>94,101,902</u>	<u>24,856,069</u>
CURRENT ASSETS		
Cash at bank -- WestpacTrust	34,527	80,526
Money Market Account -- WestpacTrust	867,500	7,213,671
Resident Withholding Tax	1,372	
Receivables	1,144,657	928,076
Prepayments	67,500	
Goods and services taxation	1,352,559	239,088
Inventory	<u>5,279</u>	
Total current assets	<u>3,473,394</u>	<u>8,461,361</u>
TOTAL ASSETS	<u>97,575,296</u>	<u>33,317,430</u>
On behalf of the trustees		



Trustee

Date: 6 September 1999



Trustee

The accompanying accounting policies and notes form part of these financial statements.



WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 1999

	1999 \$	199s \$ 6 months
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES		
<i>Cash was provided from:</i>		
Interest received	683,328	478,034
Grants received	6,000,000	
Donations and other sundry income	<u>78,347</u>	<u> </u>
	6,761,675	478,034
<i>Cash was applied to:</i>		
Payments to suppliers and employees	(826,637)	(142,837)
Net GST received	(1,672,313)	(26,937)
Resident Withholding Tax paid	<u>(1,372)</u>	<u> </u>
	<u>2,500,322</u>	<u>(169,777)</u>
Net cash inflow from operating activities	4,261,353	308,260
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES		
<i>Cash was applied to:</i>		
Deposit on land	-	(422,500)
Stadium development costs	(69,060,402)	(9,339,776)
Purchase of Fixed Assets	<u>(2,123)</u>	<u> </u>
Net cash outflow from investing activities	(69,062,525)	(9,762,276)
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES		
<i>Cash was provided from:</i>		
Wellington Regional Council	25,000,000	-
Membership and Corporate Box Deposits	8,509,004	6,826,901
Wellington City Council loan		9,635,000
Loan from ANZ	21,900,000	-
Sponsorship in advance	<u>3,000,000</u>	<u> </u>
Net cash inflow from financing activities	58,409,004	16,461,901
NET INCREASE/(DECREASE) IN CASH HELD	(6,392,168)	7,007,885
Cash at beginning of the period	<u>7,294,197</u>	<u>286,312</u>
CASH AT END OF THE YEAR	<u>902,029</u>	<u>7,294,197</u>
<i>Composition of cash:</i>		
Cash at bank	34,529	80,526
Money market investments	<u>867,500</u>	<u>7,213,671</u>
	<u>902,029</u>	<u>7,294,197</u>

The accompanying accounting policies and notes form part of these financial statements.

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

STATEMENT OF CASH FLOWS (continued)

FOR THE YEAR ENDED 30 JUNE 1999

	1999 \$	199s \$ 6 months
RECONCILIATION OF NET SURPLUS TO NET CASHFLOWS FROM OPERATING ACTIVITIES		
Net surplus for the period	5,840,709	421,368
Impact of changes in working capital items		
Increase/(decrease) in payables	3,334,977	4,659,121
(Increase)/decrease in receivables	(284,082)	(897,139)
Increase/(decrease) in GST receivable	(1,113,469)	(26,937)
(Increase)/decrease in inventory	(5,279)	
(Increase)/decrease in resident withholding tax	<u>(1,372)</u>	<u> </u>
	1,930,775	3,735,045
Non Operating items in above movements:		
Payables	(3,299,881)	(4,652,315)
Receivables	359,613	804,162
Depreciation	17	
GST on Development Costs	<u>(569,880)</u>	<u> </u>
	(3,510,131)	(3,848,153)
Net cash outflow from operating activities	<u>4,261,353</u>	<u>308,260</u>

The accompanying accounting policies and notes form part of these financial statements.

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1999

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The financial statements presented here are for the reporting entity Wellington Regional Stadium Trust (Incorporated). The financial statements have been prepared in accordance with the requirements of the Charitable Trusts Act 1957.

Measurement base

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

Receivables

Receivables are valued at anticipated realisable value. An estimate is made for doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified.

Investments

Investments are stated at the lower cost or net realisable value, where this can be reasonably estimated.

Where in the opinion of the trustees there has been a permanent diminution in the value of the investments this has been recognised in the statement of financial performance.

Financial Instruments

The Trust is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, money market deposits, debtors, creditors and loans. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the statement of financial performance.

Income tax

No provision is made for income tax. The trust is incorporated under the Charitable Trusts Act 1957 and has received an exemption from income tax from the Inland Revenue Department.

Goods and Services Tax (GST)

The financial statements have been prepared exclusive of goods and services tax (GST) with the exception of receivables and payables which are stated with GST included.

Stadium Development Costs

Stadium development costs in progress are valued at cost.

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1999

Inventories

Inventories are valued at the lower of cost, determined on a first in first out basis, and net realisable value.

Donations and Grants

Donations and Grants are recognised as revenue when control over the assets is obtained.

Sponsorships

Sponsorship revenue is recognised over the period of the sponsorship agreement. Recognition of revenue will commence from the date the Stadium becomes operational.

Membership and Corporate Box Deposits

Revenue received from membership sales and corporate box sales is treated as income in advance and recognised as revenue over the term of the agreement. Recognition of revenue will commence from the date the Stadium becomes operational.

Fixed Assets

Fixed assets are recorded at historical cost.

Depreciation

Depreciation is provided on a straight line basis on all fixed assets at rates that will write off their cost over their estimated useful lives. Stadium development costs are not depreciated

Comparative figures

The financial statements are for the twelve month period ended 30 June 1999. The comparative represent the six month period 1 January to 30 June 1998.

Changes in accounting policies

All policies have been applied on a consistent basis during the year. There have been no changes in accounting policies.

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 1999****2. ADVANCES**

	1999	199s
	\$	\$
Wellington Regional Council	25,000,000	
Wellington City Council	<u>15,000,000</u>	<u>15,000,000</u>
	<u>40,000,000</u>	<u>15,000,000</u>

The development of the stadium is being partially funded by the Wellington City Council and the Wellington Regional Council. The funding is by way of unsecured non-recourse loans. These do not bear interest.

The Trust is required to pay surplus funds to the Wellington City Council and Wellington Regional Council in reduction of their advances after meeting costs, liabilities, and debt reductions and after allowing for the appropriate capital expenditure and transfers to reserves.

3. TRANZRAIL RELOCATION

\$1,600,000 is payable on completion of the stadium. The Trust has entered into an agreement to mortgage with Tranzrail to secure the sum of \$1,600,000.

4. LAND PURCHASE

The balance of the purchase price of the land of \$3,802,500 is payable to the Crown on 26 January 2000. This amount is secured by way of second mortgage over the property.

5. COMMITMENTS**Construction**

The Trust has agreed to a fixed price contract with Fletcher Construction Limited for \$97,850,000. Construction of the Stadium commenced in March 1998 and is expected to be completed in December 1999.

Replay Board

Prior to balance date the Trust entered into a contract for the provision of a replay board at a cost of \$3.8million for delivery and installation in August/September 1999. Payment for the replay board is deferred until August 2000.

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1999

Athletic Park

The Trust is in the process of negotiating with the Wellington Tenth Trust for exit from Athletic Park leases. Provision has been made in the project costs for this expenditure.

6. SCHEDULE OF STADIUM DEVELOPMENT COSTS

	1999	199s
	\$	\$
At cost:		
Legal	822,011	63 1,805
Project management	1,247,454	816,277
Architectural	1,639,103	1,639,103
Quantity surveying	941,653	593,125
Structural engineering	930,228	905,000
Building services	383,542	273,702
Other consultancy	1,005,524	802,113
Stadium model	13,366	13,366
Transportation and traffic	47,699	15,607
Testing of site	21,274	21,274
Incorporation of new trust	10,594	10,594
Resource consent	926,805	916,245
Financial modelling & business plan	172,723	151,754
Marketing costs	572,380	258,848
Land development	2,760,000	2,600,000
Bank loan fees	109,990	79,990
Athletic Park exit costs	287,050	
Fletcher Construction building costs	<u>77,983,400</u>	<u>10,902,266</u>
	<u>89,874,796</u>	<u>20,63 1,069</u>

7. ANZ BANKING GROUP (NZ) LTD - FACILITIES

	1999	199s
	\$	\$
Non Current		
Cash advance	20,000,000	-
Revolving credit	<u>1,900,000</u>	<u> </u>
	<u>21,900,000</u>	<u> </u>

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WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1999

Interest Rate

Cash advance - Floating bank bill rate and margin of 0.65%

Revolving Credit - Floating bank bill rate and margin of 0.50%

Subsequent to balance date \$15 million of the cash advance facility was fixed at an interest rate of 7.15% for a three year term.

Repayments

The Cash Advance Facility terminates 30 June 2006

Repayments on the Cash Advance facility are as follows :

Year ended 30 June 2002	\$2 million
Year ended 30 June 2003	\$3 million
Year ended 30 June 2004	\$4 million
Year ended 30 June 2005	\$5 million
Year ended 30 June 2006	\$6 million

The revolving credit facility of \$8 million terminates 30 June 2001 or such later date as is agreed by the parties.

Security

The ANZ Banking Group (NZ) Ltd has a first mortgage security over the property and a floating first debenture charge over the assets of the Trust.

8. RELATED PARTY TRANSACTIONS

Sue Elliot and Symmans Saker Elliott and Hickman Ltd have provided marketing and consulting services to the Trust totalling \$25,735 during the year.

The Trust rents office accommodation from F R Partners Ltd which Bill Birnie is a shareholder and Director. Rental payments for the year were \$29,597.

No other trustees have entered into related party transactions with the Trust.

WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED)**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30 JUNE 1999****9. FINANCIAL INSTRUMENTS****Credit risk**

Financial instruments which potentially expose the Trust to credit risk consist of bank, short term investments and accounts receivables.

The Trust invests with high credit quality financial institutions. Accordingly the Trust does not require any collateral or security to support financial instruments with organisations it deals with.

There is no concentration of credit risk with respect to accounts receivable.

Fair value

The fair value of financial instruments is equivalent to the carrying amount disclosed in the statement of financial position

Interest rate risk

Interest rate risk is the risk of the value of a financial instrument will fluctuate due to changes in the market interest rates.

The interest rates on the Trust's borrowings are disclosed in Note 2.

The Trust does not consider that there is any significant interest exposure on either of its investments or borrowings.

Currency Risk

The Trust has no exposure to currency risk.

10. CONTINGENCIES**Contingent Liabilities**

The Trust has no contingent liabilities at 30 June 1999 (1998 : Nil)

Contingent Assets

The Trust has entered into underwrite agreements in respect of unsold memberships and corporate boxes on completion date. These agreements total \$13,500,000.



Audit New Zealand

REPORT OF THE AUDIT OFFICE

TO THE READERS OF THE FINANCIAL STATEMENTS OF THE WELLINGTON REGIONAL STADIUM TRUST (INCORPORATED) FOR THE PERIOD ENDED 30 JUNE 1999

We have audited the financial statements on pages 2 to 12. The financial statements provide information about the past financial performance of the Wellington Regional Stadium Trust (Incorporated) (the Trust) and its financial position as at 30 June 1999. This information is stated in accordance with the accounting policies set out on pages 7 to 8.

Responsibilities of the Trustees

The Trustees are required to prepare financial statements which comply with generally accepted accounting practice and fairly reflect the financial position of the Trust as at 30 June 1999 and the results of its operations and cash flows for the period ended 30 June 1999.

Auditor's responsibilities

It is our responsibility to express an independent opinion on the financial statements and report our opinion to you.

The Controller and Auditor-General has appointed C R Fabling, of Audit New Zealand, to undertake the audit.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- ▲ the significant estimates and judgements made by the Trust in the preparation of the financial statements; and
- ▲ whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards, including the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in the Trust.

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion the financial statements of the Trust on pages 2 to 12:

- ▲ comply with generally accepted accounting practice; and
- ▲ fairly reflect:
 - the financial position of the Trust as at 30 June 1999; and
 - the results of the Trust's operations and cash flows for the period ended on that date.

Our audit was completed on 6 September 1999 and our unqualified opinion is expressed as at that date.



C R Fabling
Audit New Zealand
On behalf of the Controller and Auditor-General

Wellington, New Zealand

