

Notice is hereby given that an ordinary Meeting of the Finance Committee will be held on:

**Date:** Thursday 21 February 2019  
**Time:** 9.30am  
**Meeting Room:** Council Chamber  
**Venue:** Municipal Building, Garden Place, Hamilton

---

## Finance Committee

### OPEN ATTACHMENTS

#### ATTACHMENTS UNDER SEPARATE COVER

---

ITEM	TABLE OF CONTENTS	PAGE
14.	<b>Vibrant Hamilton Trust</b>	
	1. VHT Annual Report 2018 and Audit Opinion (signed)	3



**Vibrant Hamilton Trust  
Annual Report  
for the year ended 30 June 2018**

**Attachment 1**

**Item 14**

Vibrant Hamilton Trust  
2017/18 Annual Report

	Page
Contents	
Trustees	2
Entity information	2
Statement of Service Performance	3
Declaration by Board of Trustees	4
Statement of financial performance	5
Statement of financial position	5
Statement of cashflows	6
Notes to the financial statements	7-10
Auditor's Report	11



Trustees	Current:	Date appointed
	T Gibbons (Chairperson)	22-Sep-11
	M Brooker	22-Sep-11
	L Flowers	10-Feb-14
	His Worship the Mayor A King	7-Nov-16
	L Vervoort	13-Dec-16
Secretary	C Guthrie	
Registered Office	Hamilton City Council Municipal Offices Garden Place Private Bag 3010 Hamilton 3240	

#### Entity information

**Legal name**  
Vibrant Hamilton Trust (the Trust)

**Type of entity and legal basis**  
The Trust is incorporated in New Zealand under the Charitable Trusts Act 1957. The Trust is controlled by Hamilton City Council and is a Council Controlled Organisation (CCO) as defined in section 6 of the Local Government Act 2002.

**The Trust's purpose or mission**  
The principal activities of the Trust are to promote the social, economic, environmental and cultural well being of the City of Hamilton and its communities.

**Structure of the Trust's operations, including governance arrangements**  
The Trust comprises a Board of Trustees who oversee the governance of the Trust. The Trustees are appointed by Hamilton City Council.

**Main sources of the Trust's cash and expenses**  
The Trust has a balanced portfolio split 45/55 fixed interest/growth shares investments which is managed by Kiwi Wealth. The mix reflects the purpose of the portfolio, which is to enable regular drawings of 4% per annum, as required, as well as to protect the capital over the longer term.



**Statement of Service Performance**

The Trust prepares an annual Statement of Intent, which is approved by the Trustees and incorporates financial and performance measures for the ensuing year.

The Trusts primary objective is to earn a return on investment funds, to enable the provision of grant distributions for projects that a) meet the criteria of the Trust; and b) the purpose and mission of the Trust.

Performance Measures	Results 2017	Results 2018	Comment
1. Trust funds are prudently invested.	Achieved	Achieved	The Trustees reviewed the performance of the portfolio with the Kiwi Wealth portfolio manager at the November 2017 meeting and were satisfied that the Trust funds were prudently invested.
2. Ensure all Trustees are appointed in accordance with section 5 of the Trust Deed.	Achieved	Not applicable	There were no new Trustees appointed for the year.
3. The investment portfolio to be monitored to ensure it meets the risk tolerance, investment time zone and drawings requirements of the Trust.	Achieved	Achieved	Kiwi Wealth Portfolio update was received and considered by the Trustees in August 2017, November 2017, March 2018 and May 2018.
4. Provide funding for projects that support Hamilton City Council's vision and strategic aspirations, in particular, sustainable, well planned projects for the well-being of people and the environment now and in the future.	Achieved	Achieved	One grant of \$200,000 was approved, and made during the 2017/18 year.
Performance Measures	Results 2017	Results 2018	Comment
5. Ensure audit issues raised in the Management letter are actioned.	Achieved	Achieved	Action was taken in the first meeting after the Management Letter was received, and all matters cleared by 30 June 2018.



Attachment 1

Declaration by Board of Trustees

The Board of Trustees is responsible the preparation of the financial statements and performance information in accordance with the financial reporting standards. The Board of Trustees is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting. In the opinion of the Board of Trustees, these financial statements fairly reflect or give a true and fair view of the financial position and operations of Vibrant Hamilton Trust for the year ended 30 June 2018.

T Gibbons

M Brooker

Chairperson

Trustee

Date: 17/12/18

Date: 17/12/18



Item 14

Vibrant Hamilton Trust  
Statement of Financial Performance  
for the year ended 30 June 2018

	Note	Actual 2018 \$	Budget 2018 \$	Actual 2017 \$
<b>Revenue</b>				
Dividend revenue		390	40,418	29,074
Interest revenue	4	479	103,931	3,925
Compensation/Rebate		-	-	-
Realised gains on investments		117,195	288,698	230,532
Unrealised gains on investments		520,719		294,986
<b>Total revenue</b>		<b>638,783</b>	<b>433,047</b>	<b>558,517</b>
<b>Expenses</b>				
Audit fees		7,697	7,850	7,628
Management fees - Kiwi Wealth		33,015	34,066	31,411
Other expenses		12,626	8,100	8,051
Unrealised losses on investments		-	-	-
Grants distributed	2	200,000	300,000	300,000
<b>Total expenses</b>		<b>253,338</b>	<b>350,016</b>	<b>347,090</b>
Surplus/(deficit) before tax		385,445	83,031	211,427
Income tax expense				
<b>Surplus/(deficit) after tax</b>		<b>385,445</b>	<b>83,031</b>	<b>211,427</b>

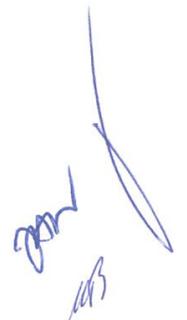
Vibrant Hamilton Trust  
Statement of Financial Position  
as at 30 June 2018

	Note	Actual 2018 \$	Budget 2018 \$	Actual 2017 \$
<b>Assets</b>				
<b>Current assets</b>				
Bank account and cash	3	141,911	300,000	108,165
Other financial assets	5	6,158,259	5,557,223	5,801,781
<b>Total current assets</b>		<b>6,300,170</b>	<b>5,857,223</b>	<b>5,909,946</b>
<b>Total assets</b>		<b>6,300,170</b>	<b>5,857,223</b>	<b>5,909,946</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Creditors and accrued expenses	6	23,092	15,950	18,313
<b>Total current liabilities</b>		<b>23,092</b>	<b>15,950</b>	<b>18,313</b>
<b>Total liabilities</b>		<b>23,092</b>	<b>15,950</b>	<b>18,313</b>
<b>Total assets less total liabilities</b>		<b>6,277,078</b>	<b>5,841,273</b>	<b>5,891,633</b>
<b>Trust equity</b>				
Contributed capital	7	4,169,850	4,169,850	4,169,850
Accumulated surpluses	7	2,107,228	1,671,423	1,721,783
<b>Total Trust equity</b>		<b>6,277,078</b>	<b>5,841,273</b>	<b>5,891,633</b>



Vibrant Hamilton Trust  
Statement of Cash Flows  
for the year ended 30 June 2018

	Notes	Actual 2018 \$	Budget 2018 \$	Actual 2017 \$
<b>Cash flows from operating activities</b>				
Interest and dividends		869	144,349	32,999
Payments to suppliers		(48,559)	(50,016)	(46,963)
Grants paid		(200,000)	(300,000)	(300,000)
Net cash flows from operating activities		(247,690)	(205,667)	(313,964)
<b>Cash flows from investing and financing activities</b>				
Realised gains on investments		117,195	288,698	230,532
Receipts from sale of investments		164,241	(83,031)	57,403
Net cash flow from investing and financing activities		281,436	205,667	287,935
Net increase/(decrease) in cash for the year		33,746	-	(26,029)
Add opening bank accounts and cash		108,165	300,000	134,194
Closing bank accounts and cash		141,911	300,000	108,165



Vibrant Hamilton Trust  
Notes to the financial statements  
for the year ended 30 June 2018

---

**1. Statement of accounting policies**  
Accounting policies applied

**Reporting entity**

Vibrant Hamilton Trust (the "Trust") is controlled by Hamilton City Council and is a CCO as defined under section 6 of the Local Government Act 2002, by virtue of Hamilton City Council's right to appoint the Board of Trustees.

The Trust was incorporated on 24 August 2010 under the Charitable Trusts Act 1957 and is domiciled in New Zealand. The Trust was registered in accordance with the Charities Act 2005 on 1 November 2010 to give it charitable status.

The principal activities of the Trust are to promote the social, economic, environmental and cultural well being of the City of Hamilton and its' communities. Accordingly the Trust is designated as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The Trust commenced trading when the initial capital was received on 31 January 2012, resulting from the transfer of 65% of funds previously held by Waikato Foundation Trust.

The financial statements of the Trust are for the year ended 30 June 2018.

**Basis of preparation**

The Board has elected to apply PBE-SFR-A (PS) 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.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will not continue to operate in the foreseeable future and will not be a going concern. Refer to Note 9 for further information about this.

**Goods and services tax**

The Trust is not registered for GST. All amounts in the financial statements are recorded inclusive of GST.

**Significant Accounting Policies**

· *Interest revenue*

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Trust reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

· *Dividend revenue*

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

**Grant expenditure**

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Trust has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Board and the approval has been communicated to the applicant.

**Realised gains/(losses) on investments**

Realised gains/(losses) on investment portfolio managed by Kiwi Wealth

**Unrealised gains/(losses) on investments**

Unrealised gains/(losses) on investment portfolio managed by Kiwi Wealth

**Foreign currency transactions**

Foreign currency transactions are translated into New Zealand Dollars (the functional currency) using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

**Bank accounts and cash**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within interest bearing liabilities in current liabilities on the balance sheet.

**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.

**Financial assets**

Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

**Creditors and accrued expenses**

Creditors and accrued expenses are measured at the amount owed.

**Income Tax**

The Trust has charitable status and is exempt from income tax.

**Budget figures**

The budget figures are derived from the statement of intent as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with Tier 3 standards, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

**Equity**

Equity is measured as the difference between total assets and total liabilities.  
Accumulated funds are defined as the aggregated surplus/deficit for each financial year.

**Accounting Policies**

There have been no changes in accounting policies during the financial year (last year - nil)

	<u>2018</u>	<u>2017</u>
<b>2. Grants approved for distribution</b>	200,000	300,000

The Trustees approved a total grant of \$200,000 on 20 November 2017, which was paid out on 23 March 2018.

**3. Bank accounts and cash**

	<u>2018</u>	<u>2017</u>
Cash	141,911	108,165

Cash accounts comprises a number of New Zealand and foreign currency bank accounts held by Kiwi Wealth on behalf of the Trust.



4. Interest revenue

2018	2017
479	3,925

Prior to December 2015 Vibrant Hamilton Trust held fixed interest bonds directly. In December 2015 the fixed interest component moved to a portfolio investment entity (PIE). In 2018 the PIE fixed interest was reported as part of realised gains, \$30,396 (2017 \$33,205) and unrealised gains, \$88,624 (2017 \$53,199).

5. Other financial assets

	2018	2017
<b>Current</b>		
Equity fund managed by Kiwi Wealth	6,158,259	5,801,781
Total current portion	6,158,259	5,801,781
<b>Total Other financial assets</b>	<b>6,158,259</b>	<b>5,801,781</b>

The Trust has a portfolio of equity funds and fixed interest instruments managed by Kiwi Wealth. These investments are managed as a balanced portfolio to an agreed investment mandate.

6. Creditors and accrued expenses

	2018	2017
Accrued expenses	15,092	10,313
Amounts due to related parties	8,000	8,000
Total creditors and other payables	23,092	18,313

Amounts due to related parties relates to an amount owing to Hamilton City Council for accounting and other administration services provided through out the year.

7. Equity

	2018	2017
<b>Contributed capital</b>		
Balance at 1 July	4,169,850	4,169,850
Capital contribution	-	-
Balance at 30 June	4,169,850	4,169,850
<b>Accumulated surpluses</b>		
Balance at 1 July	1,721,783	1,510,356
Surplus/(deficit) for the year	385,445	211,427
Balance at 30 June	2,107,228	1,721,783
<b>Closing balance</b>	<b>6,277,078</b>	<b>5,891,633</b>

Vibrant Hamilton Trust (the Trust) commenced trading with capital of \$4,169,850 which was received on 31 January 2012 resulting from the transfer of funds (65%) previously held by Waikato Foundation Trust. The Waikato Foundation Trust was subsequently dissolved.



#### 8. Related party transactions

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 is reasonable to expect the Trust would have adopted in dealing with the party at arm's length in the same circumstances.

Hamilton City Council (Council) is the ultimate controlling party of the Trust.

The following transactions were carried out with related parties during the year:

##### Hamilton City Council

Council provides accounting and other administration support to the Trust. The Trustees agreed that Council will charge the Trust \$8,000 (2017 \$8,000) annually for these services. The fee is included in 'other expenses' in the Statement of financial performance and classified as 'amounts due to related parties' in note 6.

##### Key management personnel

Key management personnel includes all Trustees. Trustees were not paid any fees for the year ended 30 June 2018 (2017 \$nil). Also there were no other transactions between the Trust and the Trustees (2017 \$nil).

#### 9. Events after balance date

The Trustees have agreed, as per the 6 August 2018 Trustee meeting, to transfer all assets via a Deed of Gift to Momentum Waikato Community Foundation and through this process the trust will cease to operate as there will no longer be assets left in the Trust for it to continue its original purpose and operation. Trustees are due to appoint a liquidator at the 14 December 2018 Trustee meeting to effect this cease in operations. This is part of the Council's 10 Year Plan to subsidise the Waikato Regional Theatre development. The transfer of the fund to Momentum Waikato Community Foundation after balance date took place on the 13 November 2018 and the amount transferred was \$6,194,482.65. There is due to be a final sundry payment once liquidation costs are final. There has been an amount of \$5,000 withheld for this purpose. The value of the realised portfolio and transferred amount is lower than the reported asset figure due to unrealised investments experiencing movements from balance date to withdrawal date.

#### 10. Statutory compliance

The draft Statement of Intent (SOI) for 2018/19 was approved by Trustees on 5 March 2018. The Finance Committee approved the draft Statement of Intent with no amendments at its 3 April 2018 meeting.

#### 11. Capital commitments

There are no capital commitments at 30 June 2018 (2017 \$nil).

#### 12. Contingent liabilities

There are no contingent liabilities at 30 June 2018 (2017 \$nil).

#### 13. Breach of Local Government Act 2002

The Trust did not adopt its audited financial statements within three months of balance date (30 September 2018) as required by section 67 of the Local Government Act 2002.

The reason for the late adoption was that Kiwi Wealth's audited report on internal controls was not available in time for the 30 September 2018 deadline.



## Independent Auditor's Report

### To the readers of Vibrant Hamilton Trust's financial statements and performance information for the year ended 30 June 2018

The Auditor-General is the auditor of Vibrant Hamilton Trust (the Trust). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Trust on his behalf.

#### Opinion

We have audited:

- the financial statements of the Trust on pages 5 to 10, that comprise the statement of financial position as at 30 June 2018, the statement of financial performance, 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 page 3.

In our opinion:

- the financial statements of the Trust on pages 5 to 10, which have been prepared on a disestablishment basis:
  - 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 Public Benefit Entity Simple Format Reporting Standard – Accrual (Public Sector); and
- the performance information of the Trust on page 3 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 17 December 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw your attention to the financial statements being appropriately prepared on a disestablishment basis. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

**Attachment 1**

**Item 14**

### **The financial statements are appropriately prepared on a disestablishment basis**

Without modifying our opinion, we draw your attention to the accounting policy on page 7 and note 9 on page 10, about the financial statements being prepared on a disestablishment basis. We consider the disestablishment basis of accounting to be appropriate as the Trust gifted its assets after balance date and the Trust will therefore cease to operate.

### **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 Board for the financial statements and the performance information**

The Board is 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 Board is also responsible for preparing the performance information for the Trust.

The Board is 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 Board is responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. If the Board concludes that the going concern basis of accounting is inappropriate, the Board is responsible for preparing financial statements on a non-going concern basis and making appropriate disclosures. The Board has considered the going concern basis of accounting is not appropriate for the year ended 30 June 2018 as the Board intends to liquidate the Trust.

The Board's 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.

**Attachment 1**

**Item 14**

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.

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 Board.
- 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 non-going concern basis of accounting by the Board.
- 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 Board 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.

**Attachment 1**

**Item 14**

### Other Information

The Board are responsible for the other information. The other information comprises the information included on pages 2 and 4, 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 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.



Leon Pieterse  
Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand

**Attachment 1**

**Item 14**